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NATIONAL MASS TRANSIT REAUTHORIZATION SYMPOSIUM

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND URBAN AFFAIRS

OF THE

COMMITTEE ON
BANKING, HOUSING AND URBAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

HOW SHOULD FEDERAL MASS TRANSIT POLICY BEST ADDRESS CONGESTION, POLLUTION, ENERGY CONSERVATION, AND ECONOMIC DEVELOPMENT?

HOW SHOULD CONGRESS ACCOMMODATE THE VARYING NEEDS OF ALL SYSTEMS IN STRUCTURING REAUTHORIZATION OF THE URBAN MASS TRANSIT ACT?

MARCH 13, 1991

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NATIONAL MASS TRANSIT REAUTHORIZATION SYMPOSIUM

WEDNESDAY, MARCH 13, 1991

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS,
Washington, DC.

The symposium convened at 9:15 a.m. in room SR-418 of the Russell Senate Office Building, Senator Alan Cranston presiding.

OPENING STATEMENT OF SENATOR CRANSTON

Senator CRANSTON. If you'll please take your seats, we'll begin our meeting.

I welcome all of you to this National Symposium on Mass Transit. Today's discussions will be of great help to the Senate as we consider action on the Urban Mass Transportation Act of 1991.

Twenty-five years ago, Congress felt compelled to improve this country's public transportation. The consequences of Federal neglect have become too ominous.

Throughout the country, mass transit systems were failing, transit facilities were in disrepair and inefficient. Fares were skyrocketing. Ridership was plummeting.

Those who care deeply about mass transit can be proud of what has been achieved in the past quarter century. Mass transit has become a vital industry. Mass transit continues as a strong partnership among government at all levels and in the private sector.

Thanks to past efforts, mass transit now serves millions of Americans with a myriad of services, from the heavy rail transit that is expanding in our larger cities to bus services in our medium-sized cities to van-based power transit services that meet special needs in smaller communities.

However, despite all these achievements, the unmet need for modern, efficient public transit is even greater today than it was 25 years ago. The need for better mass transit is created by intolerable congestion on our urban roadways.

Our economic competitiveness is being hurt. Japanese and German workers move easily to and from work on ultramodern transit systems, while American workers sit on superhighways that look like super parking lots.

According to a Federal Highway Administration study, 11 percent of all labor force work hours are spent on our highways.

The need for better mass transit is greatly heightened by increasing air pollution. Our health suffering, transportation sources, cause about one-third of all carbon dioxide pollution, one-half of all ozone pollution, and three-quarters of all carbon monoxide pollution. Some 55 percent of the Nation's population lives in areas which fail to meet minimum air quality standards. That is costing us tens of millions of dollars in extra health care costs and needless losses to agriculture and other products.

The need for better mass transit is greatly heightened also by our overreliance on foreign oil.

Our national security is weakened, the war against Iraq made more vivid than ever the costs and the dangers of a shortsighted transportation policy that requires 63 percent of all U.S. oil consumption.

A single person commuting by transit can save 200 gallons of gasoline per year and increasing transit ridership by 10 percent in our five largest metropolitan areas would save 85 million gallons of gasoline per year, congestion, pollution and dependence on foreign oil—all of these pressures for better mass transit will increase over the next 20 years.

According to the Transportation Research Board, the annual delay in travel time will increase by 5.6 billion hours. Excess fuel consumption will increase by 7.3 billion gallons per year. And, total cost to travelers will increase by $41 billion annually.

In coming decades, we will have to move goods and people far more efficiently than we do now, especially in our urban areas. The answer can't be "Just develop more roads."

A large part of the answer must be improved public transit. Unfortunately, the Federal commitment to mass transit in recent years has failed to meet this challenge. Over the past decade, Federal transit funding was cut from $4.6 billion in fiscal 1981 to $3.2 billion today. After inflation, that's a cut of 50 percent in real terms.

During the Reagan years, public transit systems also struggled under hostile Federal regulations and program administration.

In addition, Congress has quite properly enacted new requirements for mass transit to meet the needs of persons with disabilities. But, Congress, not so properly, did not provide additional resources to match these costs.

I believe we now have an historic opportunity to recommit this country to improve public transportation.

The transportation bill comes at a crucial time. The time is opportune because the country is about to complete the interstate highway system. That enormous achievement has taken 35 years and $114 billion in Federal spending.

But, it has produced a vital national asset. The transportation bill should maintain that asset and move on to improve mass transit.

The timing is also favorable because Congress has just enacted the Clean Air Act. The conditions that led to that great achievement has made Congress especially sensitive to the need for less polluting forms of transportation.

I intend to press for a mass transit bill that captures this moment and enables America to achieve a truly advanced, inte-

grated transportation system, one that cuts air pollution, conserves fuel and clears roadway congestion. That bill would be developed on a fully bipartisan basis.

I intend to continue the close working relationship that my colleague, Al D'Amato, and I were able to maintain throughout our work on the National Affordable Housing Act, I, as chairman of the subcommittee; he as the ranking minority member.

The bill would be developed with the broadest possible participation by mass transit operators and others who understand the need for improved mass transit. And the bill would be developed in close consultation with the administration.

I am very pleased by the new attention to mass transit that is reflected in the work of Brian Clymer and by the excellent cooperation that UMTA is showing with the Senate subcommittee.

As we begin work on the new legislation, the subcommittee will give the administration's proposals the full, careful and cooperative review that they deserve. Details of the Senate legislation are yet to be developed, of course.

Today's discussions will be of great help to me and the other Senators in that regard, but I have some strongly held thoughts about our task that I want to share with you briefly as we begin.

First, I believe the transit bill must be sensitive to the differing needs of mass transit systems that have a great need for assistance in operating, modernizing and extending their facilities, a bill that supports adequate bus service.

A new transit bill should address the needs not only of large urban areas, but also of smaller communities and rural areas.

Second, I believe the transportation bill should give each metropolitan area significantly more responsibility to assess their own transportation needs, and to develop a long-term transportation strategy that integrates all their modes of transportation.

These strategies should be developed with participation by all interested parties, including State and local officials and the public.

I believe that will help us develop a transportation system that truly meets national objectives.

Third, I believe the transportation bill should expand the ability of metropolitan areas to use Highway Trust Fund resources for mass transit needs. That's a very important part of what we must accomplish.

With the Clean Air Act making it much more difficult to build highways in metropolitan areas, local leaders should be able to use some of their highway funds to carry out high-priority mass transit projects.

I believe that is necessary to provide a balanced transportation system in a period of tight Federal budgets.

Fourth, I believe the transportation bill should assure each metropolitan area of a fair share of Federal highway and mass transit assistance, which would then enable the area to use those funds flexibly for projects that carry out its metropolitan transportation strategy more efficiently.

In some cases, that will require the strengthening or restructuring of the existing metropolitan planning organizations. I believe that will enable transportation decisions to reflect long-term requirements.

Fifth, I believe the transportation bill should create the so-called level playing field for local choices of transportation project. We should remove any conditions that create an improper bias against the choice of the most efficient long-term use of transportation resources, whether that be roadways or mass transit.

I believe that will avoid the waste of scarce transportation resources.

Sixth, I believe the transportation bill should provide more predictably for mass transit funding. Both the advanced construction contract and full funding grant agreement mechanisms should be strengthened. That could enable transit operators to develop improved methods of project financing to implement their transportation strategies more quickly and cheaply.

Seventh, and finally, I believe the transportation bill should authorize adequate funding for public transit over the long-term. Certainly, the administration's funding request projecting annual reductions of mass transit funding in real terms is no proper response to the country's needs. And I'm very suspicious of the administration's proposed funding strategy which would deplete the transit account in 5 or 6 years and force a future Congress to scramble along with all of you for new funding sources to avoid deep cuts in transit assistance.

We should take the long view and provide reliable funding sources for Federal transit assistance, including full adjustments for inflation at the very least.

Certainly, new revenues coming into the transit account should be put to use to improve transit. This legislation provides us with a great opportunity.

Let me say in closing, our goal must be to enact a bill that gives the country an advanced integrated transportation system, one that cuts air pollution, conserves fuel and clears roadway congestion.

Much remains to be done in the weeks immediately before us. You are the best people to help us work out and achieve a truly great bill.

So, welcome to the task.

I thank you very much for what I count upon you to do.

We now will turn to the keynote addresses.

[The complete prepared statement of Senator Cranston follows:]

PREPARED STATEMENT OF SENATOR CRANSTON

I welcome all of you here to this National Symposium on Mass Transit. Today's discussions will be of great help to the Senate as we consider action on the Urban Mass Transportation Act of 1991.

Twenty-five years ago, Congress felt compelled to improve this country's public transportation. The consequences of Federal neglect had become too ominous. Throughout the country, mass transit systems were failing. Transit facilities were in disrepair and inefficient. Fares were skyrocketing, ridership was plummeting.

Those who care deeply about mass transit can be proud of what has been achieved in the past quarter century. Mass transit has become a vital industry. Mass transit continues as a strong partnership among government at all levels and the private sector.

Thanks to past efforts, mass transit now serves millions of Americans with a myriad of services—from the heavy rail transit that is expanding in our largest cities, to bus service in our medium-sized cities, to van-based paratransit services that meet special needs in smaller communities.

However, despite all of those achievements, the unmet need for modern, efficient public transit is even greater today than it was 25 years ago.

The need for better mass transit is created by intolerable congestion on our urban roadways. Our economic competitiveness is being hurt. Japanese and German workers move easily to and from work on ultramodern transit systems—while American workers sit on super highways that look like super parking lots. According to a Federal Highway Administration study, 11 percent of all labor force work hours are spent on our highways.

The need for better mass transit is greatly heightened by increasing air pollution. Our health is suffering. Transportation sources cause about one-third of all carbon dioxide pollution; one-half of all ozone pollution; and three-quarters of all carbon monoxide pollution. Some 55 percent of the Nation's population lives in areas that fail to meet minimum air quality standards. That is costing us tens of billions of dollars in extra health care costs, in needless losses to agriculture and in other costs.

The need for better mass transit is greatly heightened also by our overreliance on foreign oil. Our national security is weakened. The war against Iraq made more vivid than ever the costs and dangers of a shortsighted transportation policy that requires 63 percent of all U.S. oil consumption. A single person commuting by transit can save 200 gallons of gasoline per year. And increasing transit ridership by 10 percent in our five largest metropolitan areas would save 85 million gallons of gasoline per year.

Congestion. Pollution. And dependence on foreign oil. All of these pressures for better mass transit will increase over the next 20 years. According to the Transportation Research Board, the annual delay in travel time will increase by 5.6 billion hours. Excess fuel consumption will increase by 7.3 billion gallons per year. And total costs to travelers will increase by $41 billion annually.

In coming decades, we will have to move goods and people far more efficiently than we do now. Especially in our urban areas, the answer can't be just to build more roads. A large part of the answer must be improved public transit.

Unfortunately, the Federal commitment to mass transit in recent years has failed to meet this challenge. Over the past decade, Federal transit funding was cut from $4.6 billion in fiscal 1981 to $3.2 billion today. After inflation, that is a cut of 50 percent in real terms. During the Reagan years, public transit systems also struggled under hostile Federal regulations and program administration. In addition, Congress has, quite properly, enacted new requirements for mass transit to meet the needs of persons with disabilities. But Congress, not so properly, did not provide additional resources to match those costs.

I believe we now have an historic opportunity to recommit this country to improved public transportation. The transportation bill comes at a crucial time.

The time is opportune because the country is about to complete the interstate highway system. That enormous achievement has taken 35 years and $114 billion in Federal spending, but it has produced a vital national asset. The transportation bill should maintain that asset and move on to improve mass transit.

The timing is also favorable because Congress has just enacted the Clean Air Act. The conditions that led to that great achievement has made Congress especially sensitive to the need for less polluting forms of transportation.

I intend to press for a mass transit bill that captures this moment and enables America to achieve a truly advanced, integrated transportation system—one that cuts air pollution, conserves fuel and clears roadway congestion.

That bill will be developed on a fully bipartisan basis. I intend to continue the close working relationship that my colleague Al D'Amato and I were able to maintain throughout our work on the National Affordable Housing Act.

The bill will be developed with the broadest possible participation by mass transit operators and others who understand the need for improved mass transit. And the bill will be developed in close consultation with the administration. I am very pleased by the new attention to mass transit that is reflected in the work of Brian Clymer and by the excellent cooperation that UMTA is showing to the Senate subcommittee as we begin work on the new legislation. The subcommittee will give the administration's proposals the full, careful and cooperative review that they deserve.

Details of the Senate legislation are yet to be developed, of course. Today's discussions will be of great help to me and other Senators in that regard.

But I have some strongly held thoughts about our task that I want to share with you as we begin.

First, I believe the transit bill must be sensitive to the differing needs of mass transit systems across the country. My own State of California has a great need to

build new transit systems, but I intend to fight for a bill that also meets the needs of cities with mature transit systems that have a great need for assistance in operating, modernizing and extending their facilities—and a bill that supports adequate bus service. A new transit bill should address the needs not only of large urban areas but also of smaller communities and rural areas.

Second, I believe the transportation bill should give each metropolitan area significantly more responsibility to assess their own transportation needs and to develop a long-term transportation strategy that integrates alternate modes of transportation. Those strategies should be developed with participation by all interested parties, including State and local officials, and by the public. I believe that will help us develop a transportation system that meets national objectives.

Third, I believe the transportation bill should expand the ability of metropolitan areas to use Highway Trust Fund resources for mass transit needs. With the Clean Air Act making it much more difficult to build highways in metropolitan areas, local leaders should be able to use some of their highway funds to carry out high priority mass transit projects. I believe that is necessary to provide balanced transportation systems in a period of tight Federal budgets.

Fourth, I believe the transportation bill should assure each metropolitan area of a fair share of Federal highway and mass transit assistance. We should then enable the area to use those funds flexibly for projects that carry out its metropolitan transportation strategy most efficiently. In some cases, that will require a strengthening or restructuring of the existing metropolitan planning organizations. I believe that will enable transportation decisions to reflect long-term requirements.

Fifth, I believe the transportation bill should create a "level playing field" for local choices of transportation projects. We should remove any conditions that create an improper bias against the choice of the most efficient, long-term use of transportation resources—whether that be roadways or mass transit. I believe that will avoid the waste of scarce transportation resources.

Sixth, I believe the transportation bill should provide more predictability for mass transit funding. Both the "advanced construction contract" and "full funding grant agreement" mechanisms should be strengthened. That can enable transit operators to develop improved methods of project financing to implement their transportation strategies more quickly and cheaply.

Seventh, I believe the transportation bill should authorize adequate funding for public transit over the long-term. Certainly, the administration's funding request—projecting annual reductions of mass transit funding in real terms—is no proper response to the country's need. And I am very suspicious of the administration's proposed funding strategy, which would deplete the transit account in 5 or 6 years and force a future Congress to scramble for new funding sources to avoid deep cuts in transit assistance. We should take the long view and provide reliable funding sources for Federal transit assistance—including full adjustments for inflation at the very least. Certainly new revenues coming into the transit account should be put to use to improve transit.

This legislation provides us with a great opportunity. Our goal must be to enact a bill that gives the country an advanced, integrated transportation system—one that cuts air pollution, conserves fuel and clears roadway congestion. Much remains to be done in the weeks ahead. You are the best people to help us achieve a great bill. So, welcome to the task!

Senator HEINZ. Opening statement.

They won't be as elegant as yours.

Senator CRANSTON. I know that. [Laughter.]

OPENING STATEMENT OF SENATOR HEINZ

Senator HEINZ. With apologies for covering up both Alan Cranston, Brian Clymer, Mr. Daley and Ms. Whitmire, first, I want to commend my friend and colleague, Alan Cranston, for hosting this all-day symposium. It will be the test of the fortitude of everybody in this room to see if you can persevere through the day.

I'm sure you can, partly because you have to and, partly, because you should, given the importance of this issue.

I had the privilege of addressing the American Public Transit Association on Monday. I suspect a few of the people in this audience were in that. I do not intend to repeat my remarks entirely, but I

do want to say that I hope that the mass transit and highway reauthorization process that we embark upon officially today will be one which avoids the near gridlock that developed when we went through the same exercise 5 years ago, which resulted in a Presidential veto, which, had that veto been sustained—fortunately, it wasn't—could have plunged our transportation network as a whole into some chaos.

That's what happens when, in the midst of a construction season in the early spring of the year, you get into a legislative impasse. Hopefully, that kind of impasse can and will be avoided this time around. But, of course, there are no guarantees.

There are some advantages. Noting that Brian Clymer, the Administrator of the Urban Mass Transit Administration, is here, I want to at least make note that, while the administration bill is certainly not everything that either Alan Cranston, Senator D'Amato or I want, it is a lot better than the bill we got 5 years ago, and the budgets that we have had for most of the last 10 years, which might charitably be described as "zero-based budgeting" when it came to many of the elements of the mass transit accounts.

What the administration has proposed is a budget that proposes to spend down the trust fund, which is long overdue.

It has proposed various elements in their mass transit proposal which, frankly, are welcome. I welcome the element of predictability in not only spending down the trust fund and having a guaranteed commitment to about $3 billion a year, but in shifting what had been nonformula programs to formula programs where there is going to be a greater ability to plan for local mass transit authorities.

As long as it doesn't get too carried away, I like the idea of greater local accountability built into the local share.

I don't think we do need any Miami Metro Movers, where the ridership that actually developed was the reciprocal of the 75 percent Federal share.

I like the flexibility that the administration proposal embodies, the ability to shift transits to highways and highways to transit.

Having said that, before Brian gets a swelled head, I want to say that his proposals do, indeed, fall quite short of what's needed, cutting operating assistance, indeed, for all intents and purposes, eliminating it to cities of 1 million or more, is totally unacceptable.

It's nothing more than a plan to raise fares to utterly unaffordable and unacceptable levels. Keeping Federal transit assistance at current levels for 5 years, while increasing Federal highway aid almost 40 percent will accomplish, as far as I can see, only one major objection: Strengthening America's already passionate love affair with the private auto.

The imbalance between local share required for highways and that required for mass transit creates a bias that, as Alan Cranston mentioned, an unlevel playing field, and that bias becomes even more clear considering that only 30 percent of highway funds can be used for transit when nearly all transit funds can be used for highways.

Don't get me wrong. I'm not opposed to highways or bridges. I wouldn't be able to get around to my hometown of Pittsburgh, PA

without bridges and highways. I couldn't get from Philadelphia to Pittsburgh either.

Some people say, Brian, it's just as well that you don't go to Philadelphia. [Laughter.]

But, I don't agree with that. It's a terrific city if it could just get itself running right.

The one concern that I hope we'll get into today is some of the very real concerns I have about relying on, in effect, the trust fund and the money from the gas tax to fund most of the mass transit programs for the next 5 years.

There appears to be enough money in the trust fund to do it but then, at the end of 5 years, gets to a position where you have been out of the appropriations process for the most part for so long with all of the other appropriators having used up the money that might otherwise have been devoted to mass transit. You get to 1996 or 1997, and the appropriators say:

"Gee, we would like to appropriate some money for mass transit, but we've been appropriating it elsewhere for the last 5 years. And we are really terribly sorry; we can't do much for you."

These are some of the issues, you know, that we all face. I think the central issue though is to remind not just each other but our colleagues in the Senate and, most of all, the American people that mass transit is just not for the people who take transit. It is vital for literally every American who lives any place close to an area served by mass transit, as most metropolitan areas, indeed, fortunately, are.

And to bring that home, the largest mass transit authority in my State is the Southeastern Pennsylvania Transit Authority, which Brian Clymer knows very, very well and has such a long and productive association with.

That serves 3.7 million Pennsylvanians. Now, 80 percent of the commuters take a SEPTA bus or a SEPTA train to work every day, 600,000 of them. That means about 500,000 cars that could be driven on Philadelphia city streets are happily left either in the driveway, in the garage or parked some place out in the suburbs.

If another half million vehicles drove on to the street, not just of the city of Philadelphia but any of the other satellite towns, municipalities, townships, it would be total traffic gridlock. People wouldn't be able to get their kids to school on the buses. Senior citizens wouldn't be able to move around. Workers and employers alike would suffer catastrophic economic losses.

This is the main case. There are plenty of other parts of it that we need to make and to remind people that, just because you may not be a commuter does not mean you do not benefit very substantially and directly.

With those thoughts in mind, I join Alan Cranston and the rest of our committee in welcoming you here today and wish you all very, very good luck.

Thank you.

Senator CRANSTON. I thank John Heinz very, very much. I'm counting on him to be a stalwart member of our committee as we grapple with this great opportunity.

We have three prestigious keynote addresses beginning with the mayor of the city of Houston.

Kathy Whitmire became mayor of the fourth largest city in the country in 1982 and has demonstrated a commitment to mass transit ever since, along with many other achievements.

In 1981, when the buses in Houston weren't running, Mayor Whitmire first ran for mayor on the platform of improved mobility and public transit. Early in her first term, she worked to recruit Alan Kiepper, whom we have with us today in his current capacity as president of the New York City Transit Authority.

Under their guidance, transit ridership doubled and the Houston system turned into one of the very best in the country.

In 1988, Houston voters approved a comprehensive transit program. And, under Mayor Whitmire's leadership, Houston is now moving forward with its mass transit program.

As past president of the U.S. Conference of Mayors and as co-chair of the Transit Now Coalition, Mayor Whitmire has long advocated improved public transit. She has been honored with a number of honors, such as the 1987 Distinguished Sales Award by the Sales and Marketing Executive Society of Houston in recognition of her economic development efforts on behalf of her city.

She has served or chaired the National League of Cities Steering Committee on Finance, Administration and Inter-Governmental Relations, and is President of the Texas Municipal League.

Before we begin I have a statement from Senator D'Amato.

OPENING STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Mr. Chairman, I am pleased to welcome the participants to today's symposium on the reauthorization of the mass transit programs. I am glad to see two representatives from my home State of New York. Alan Kiepper, president of the New York City Transit Authority and chairman of the American Public Transit Association [APTA] and Franklin White, commissioner of the New York State Department of Transportation.

Today's symposium will address issues under two main themes. First, how should Federal mass transit policy best address congestion, pollution, energy conservation, and economic development. Second, how should Congress accommodate the varying needs of all systems in structuring reauthorization of Urban Mass Transit programs.

As the ranking member of the Banking Subcommittee on Housing and Urban Affairs, I will work on a bipartisan basis to reauthorize the transit programs which expire on September 30. It is a reality that fiscal constraints are staring us right in the face. But, our infrastructure needs have never been greater. It is a critical time for transit.

APTA's 1990 survey tells it all. $75 billion in total capital funding is needed just to keep pace with the public transportation needs over the next 5 years. The administration proposes only $16 billion over these 5 years. Our most important goal must be to pump more money into our mass transit infrastructure.

In 1982, I wrote legislation that set aside one penny from the gas tax revenue and dedicated it to a special mass transit account of the highway trust fund. Last fall, Congress authorized a new 5 cent gas tax [effective 12/1/90]. Two and a half cents went for deficit reduction. Two and a half cents went to the highway trust fund of which one-half cent is dedicated to the mass transit account. This

additional one-half cent will yield an average $600 million a year to the mass transit account over the next 5 years.

I believe that Congress made a commitment to our infrastructure by increasing funds available for investment through the trust fund. Congress should now follow through and allow that money to be spent out of the trust fund. I will work toward that goal during the reauthorization process.

In addition to the need for resources, the committee will look at current vs. proposed programs. I want to caution right up front against the assumption that major changes are necessary in our transit programs. You've heard the old saying: "If it ain't broke, don't fix it!"

Well, the Federal mass transit programs are not at a crossroads as are our Nation's highway programs. We don't need to change for the sake of change. In fact, what I have heard is a basic satisfaction with our current programs. Fine-tuning of our current programs may be more appropriate at this time.

I look forward to hearing the testimony and discussion from our many participants.

Thank you Mr. Chairman.

Senator CRANSTON. Please welcome Mayor Kathy Whitmire.

STATEMENT OF KATHY WHITMIRE, MAYOR OF HOUSTON, TX

Mayor WHITMIRE. Thank you very much, Senator. I see someone has brought me a stool to stand on. And everyone probably knows I'm short, so I will not take advantage of it.

Senator, I want to begin by thanking you and your colleagues for arranging this opportunity today for those of us who are extremely concerned about the future of public transportation to voice our views in this forum at what I believe is a very critical time in the development of public transportation for this country.

I want to begin, of course, as any mayor would, by saying a few words about my city, the city of Houston.

Houston, as many of you know, is the fourth largest city in the United States. It has 1.7 million people living in the city limits, and it covers about 600 square miles of territory.

As a native Houstonian and one who was riding public transit 30 years ago, I can tell you that providing public transportation for this fast-growing sunbelt community has been a challenge. But, it is more critical now than ever.

I suppose the last 25 years or so have been dedicated in our community to a discussion and debate as to how we can develop a forward-looking public transportation system that will meet the needs of Houston's future. But, it was the rapid growth in the late 1960's and throughout the decade of the 1970's that really created the intense traffic congestion in Houston that got people at the local level to take the lead on this issue.

In fact, in 1978, at a time when the wave of Proposition 13 and taxcutting was reaching across the country, our voters in Houston went to the polls and voted to tax themselves an additional 1 cent sales tax to pay for a public transportation authority. And that's when the Metropolitan Transit Authority was created in Houston and our goal was to take a limping bus system and make it work.

As was previously mentioned, we recruited an expert in the field, Alan Kiepper, to come and help us do that job. And I'm glad to say that we were recognized in 1985 as having the number one bus system in North America.

We were able to double the ridership during the decade of the 1980's, even though our population growth did not continue at the same rate.

We doubled ridership during that period of time on our public transit system because we provided a good service. We provided a cost-effective, economical, convenient way for people to leave their cars at home and get to work. And, when you do that, people do take advantage of it.

In addition to doubling that ridership, we've been able to put a focus on the high concentration employment areas in the city. Our central business district now has about 30 percent of the people who work there taking public transportation to work. Our medical center complex, which is one of the largest medical facilities in the world, has about 15 percent of the people who work there taking public transit to work.

As I said, we in Houston have engaged in this effort to develop public transportation to deal initially with the problem of traffic congestion and gridlock on our streets and freeways. But, now we're looking at some other issues that are equally important to us as a city and as a nation:

The issue of air quality. The passage of the new Clean Air Act will have dramatic effects on the city of Houston and many other cities across the Nation, and will require a renewed and much stronger commitment to public transportation in the years ahead.

The need for economic development. Economic growth, competitiveness and improved productivity in our work force will also require renewed attention to public transportation, particularly in the central core of our city. And the established policy of this Nation to work toward energy independence will require us as a community to join with others across the Nation to find more energy-efficient means of transportation for our city.

In these past few days, not only has the American Public Transit Association been meeting here in Washington, but also the National League of Cities has convened here to discuss and set our legislative priorities for the Nation's cities.

And we have included as one of our top priorities for the National League of Cities, as well as for the U.S. Conference of Mayors, the reauthorization of the Surface Transportation Act, with an emphasis on public transportation.

You know, as we in the cities have looked back over the last 35 years, we have been pleased to see that the Interstate Highway System has been developed. We are also aware that most of the dollars collected from taxpayers to build the Interstate System have been collected from the people who live in the cities.

And most of the dollars spent on building the interstate system have been spent outside the cities.

What we are hoping in the National League of Cities and the U.S. Conference of Mayors is that the Congress this year, in reauthorizing the Surface Transportation Act, will place a renewed emphasis on our cities. Cities as the drivers of the economy here in

the United States; cities which will determine this Nation's potential, and that we will not see a program as has been defined in the initial proposal that collects two-thirds of the taxes to support transportation inside the cities, and only reinvests 19 percent of that money inside the cities.

So, that's one of the issues that I would like to bring to the attention of this distinguished group today, a need for redirecting our efforts at urban traffic congestion and not continuing just to spend all of the city-collected taxes or a huge portion of them outside the cities to deal with other mobility needs, neglecting the major problems of urban congestion and air pollution that faces our cities.

We would like to see the continuation of the General Fund commitment to public transportation for the reasons that were eloquently explained by the Senators, and we would like to see this opportunity for the Congress of the United States to set the tone for the future decades of public transportation.

Let me say to begin with that we very much appreciate the work that Brian Clymer and his staff have done and UMTA in working directly with us in Houston for the development of plans to meet our own transit needs.

My comments are not intended in any way to suggest that the group at UMTA has not been cheering our goals toward the development of public transportation.

But, I do believe that this Nation is at a turning point. When we look at the national priority that was set out in November 1990, when the President signed the Clean Air Act of 1990, a national priority to clean up the air in our cities, and when we look at the national priority of energy independence, then we need to take a look at our transportation policy and see that we change it, so it supports those two national goals.

And I would suggest to you that it would require some changes in order to support those goals. The Clean Air Act, as I said, will have dramatic effects on Houston. It will require that any increase in the number of vehicles traveling more miles on our streets—otherwise known as vehicle miles traveled—any increase in those miles traveled by vehicles on our streets will have to be offset by some other savings in air pollution in some other place, suggesting perhaps that maybe our industrial sector will take up the slack.

I hate to tell you, folks, but the industrial sector is the sector that has been cutting back on air pollution for the last 20 years, and it's going to be time to look at the mobility and transportation sector to have some savings now.

So, what we're faced with in Houston is an economic growth period that we expect to bring a million new jobs into our city in the next 15 years, and a requirement of the Clean Air Act that, at the same time, we cannot have any increase in the number of miles that vehicles are traveling on our streets.

Well, considering that all those folks have to get to work and not many of the people who are driving now want to leave their cars at home, that means one thing to me. And that is:

We've got to fund a good public transportation alternative that will get all those people to work in the future in our city, in an energy-efficient way.

The Clean Air Act also requires that all the employers who employ over a hundred people in Houston will have to take responsibility themselves, as employers, for increasing the average vehicle occupancy rate of their employees getting to work at peak hours.

You know, all these things sound pretty complex. But, when you get it down to its simplest term, what that means is that:

The employer is going to have to figure out how many people are riding per vehicle in getting to his or her place of employment, and is going to have to increase the number of people per vehicle.

And that, again, means more people in public transportation. These are federally passed laws. We will be required to show that we are increasing the use of public transportation, high occupancy vehicle lanes and other transportation control measures.

So it seems to me appropriate at this time, in 1991, that the Federal Government amend its transportation policy to support its already-passed Clean Air Policy.

You have heard the discussion already of energy consumption related to the transportation sector. I'm told that the transportation sector of our economy consumes 63 percent of the oil that is consumed in this Nation, and that imported oil is a major contributor to our trade deficit.

And it is obvious that we can save on the use of imported oil by moving more people to energy-efficient public transportation.

I suggest to you that there are some changes that have to be made when we look at the transportation policies that are proposed to Congress at this time. I do not see an incentive for public transportation.

I see that only 15 percent of the dollars over the next 5 years for transportation from the Federal Government will go to public transportation. The rest will go to roads.

As we've heard from the Senators, there's nothing wrong with building roads. But, we've got to have a level playing field. And 15 percent is not enough playing field.

When my community makes a decision on spending its transportation dollars, we're told we'll get a larger Federal match if we put the dollars in roads and highways than if we put them in public transportation.

Again, we need a level playing field. When an employer considers a fringe benefit to assist employees in getting to work, the employer can provide to the employee a free parking space that has any amount of value and costs the employer whatever amount. And that free parking space is provided as a nontaxable fringe benefit to the employee, therefore, providing an incentive for the employee to drive his or her car to work.

On the other hand, if that employer as a good citizen of my community wants to help us meet our clean air goals and our traffic congestion goals and, instead, give the employee a fringe benefit by paying the cost of taking metro to work and leaving the car at home, that creates a taxable benefit to the employee.

So, again, no level playing field for public transportation. That's a change that simply must be met.

And when we get ready to make a major investment in capital programs for public transportation, as are now in Houston, we go

through a very lengthy alternatives analysis process. The plan that we're about to embark on for the starting segment of our light rail system began its alternatives analysis in 1987 and just finished last month.

Well, again, where's the level playing field?

You don't see a 4-year long alternatives analysis process for the construction of a new highway or freeway in the community. I believe we need to level up the playing field quite a bit and, in fact, to move toward creating incentives at the Federal level to get more people into public transportation.

When we build more roads and encourage more automobile transportation as opposed to public transportation, we're using up two of the nonrenewable resources in this land. One of those is fossil fuels.

As we've already discussed, the other one is land.

If you see a light rail system, if you see a light rail train going by, you must recognize that that train is carrying enough people to fill up eight lanes of freeway, yet, uses only one-eighth the amount of land and doesn't require a parking space at the other end of the line, using even more land.

Further, the lack of public transportation and the increased incentive to build more roads and less public transit creates what we call loving "urban sprawl".

And I can show you some urban sprawl if you'd like to come to Texas and take a look at it.

Well, what's wrong with urban sprawl?

There are a couple of problems. Not only does it consume land in very large quantities and pave it over and create environmental problems in that regard but, from my perspective as a mayor, it drives up the cost of public services because, as the urban sprawl takes place, as more people move further away and live in less dense environments, the cost of providing police protection, fire protection, emergency medical service and water and sewer services goes up geometrically because there's so much more territory to be covered.

Public transportation can change those directions. Better high-capacity transportation will allow for and encourage commercial development in the central core of our major cities, and that has to be a high priority of this Nation, to preserve the economic viability and the tax base of the central core of our cities, rather than encouraging more flight of commercial development to the suburbs.

And public transportation can help us accomplish that goal.

Well, you can see that I'm convinced that an emphasis on public transit will help us with a major need in Houston, which is to improve our air quality. It will help us improve our mobility, will help improve the productivity of our workers and enhance our economic development.

But, in case there be any doubt, I've checked around with a few other cities, not only in this Nation but around the world.

A few weeks ago, I was in Mexico City visiting with the mayor of that great city and listening to his commentary about air quality and what it means to him as mayor and to his constituents.

What it means is that:

They have now passed a law that says the cars have to be left home one day a week. And that was some help.

They have now passed a law that says:

Any new industry in Mexico City cannot have any pollution component at all—no emission of pollutants in their city.

Why is that?

Because they simply became overtaxed with pollution and had to absolutely draw the line, not only in terms of the transportation of their citizens, but their economic development as well.

I don't want to see my city reach that point. Last year, I visited Taipei in Taiwan and talked to the local officials there. That was after I came in from the dreadful air pollution outside and saw how bad the traffic congestion was.

The local officials of Taipei are expecting to open the first part of their rail transit system in 1992. They told me the big problem they face is their citizens wanting to know why they didn't do this 20 years ago. Why the air pollution and the traffic congestion had to be allowed to get intolerable before the government officials moved to solve the problem.

On a brighter note, this past year, I was also in Tokyo and was visiting a suburb of that very large city. And I needed to get back to central Tokyo for an appointment.

Unfortunately, it had started to rain and the bad climate conditions slowed down the traffic to a standstill. And my host said,

> There's only one way you can make your appointment back in central Tokyo on time, and that's to take public transit because, when the traffic grinds to a halt, the trains still run on time.

And I did take the public transit and I did get there on time.

And I believe that this is the time in the United States for a national policy that supports our national goals of clean air, mobility and energy independence, a national transportation policy that emphasizes public transit, that emphasizes moving more people—not just moving more cars.

We can't afford to wait. I believe we have to start now.

Thank you very much.

Senator CRANSTON. We're trying to get some more chairs for people who need them.

Senator D'Amato was here, but had to leave. I trust he'll be back at some point.

So, now we'll proceed to our second keynoter, Mayor Richard Daley, of Chicago.

In his brief term as Chicago's mayor, a term marked by remarkable achievements, Richard Daley has received high praise from the transportation industry for his thoughtful, foresighted and bold transportation initiatives.

These include the Lake Calumet Airport concept, a badly needed second international airport in the Chicago area, and the downtown transit circulator, a light-rail commuter system to relieve congestion in Chicago's central business district.

The transportation mayor, as someone called him, is no stranger to Capitol Hill. The same can be said for Mayor Whitmire, whose remarks were I think very, very fine and appropriate.

In the last 2 years, Mayor Daley has made numerous trips to Washington on behalf of our Nation's urban agenda, including our city's transportation needs.

His strong leadership has resulted in a number of successes in terms of Federal transportation resources making their way back to the Chicago metropolitan region.

Please welcome Mayor Richard Daley.

STATEMENT OF RICHARD DALEY, MAYOR, CHICAGO, IL, ACCOMPANIED BY GAIL FRANCIS, CHAIRMAN, REGIONAL TRANSPORTATION, CHICAGO, IL

Mayor DALEY. Thank you very much, Senator Cranston.

I'd like to introduce Gail Francis, chairman of our regional transportation in the Chicago metropolitan area, who has worked very closely with us.

And I want to thank the committee for hosting this forum so that we can exchange views on this subject that is of vital importance to the Nation.

We, as Americans, have many reasons to feel proud of our Federal Government. Our success in the Persian Gulf has rekindled strong feelings of national pride. Our citizens have a renewed sense of faith in our Government and belief in the American way.

We now have a greater opportunity to refocus our work force and restore our country's economic strength. But, America's rebuilding effort must begin at home.

While our Government helps chart the path of a new world order and devotes billions and billions of dollars to foreign affairs, our domestic house is crumbling at the foundation. Our rural and urban areas deserve the full support of our Federal Government. The economic and social success of our cities and our counties will determine the economic and social success of our Nation.

The core of our Nation's work force continues to be centered in our major urban areas. Their future and the future of our Nation depend upon the accessibility of a diverse labor pool for growth. That's why a unified transportation agenda is vital to our national infrastructure.

But, the constant expansion of our urban areas is increasingly compromised by gridlock, congestion and air pollution. Mass transit offers the best solution to the problems caused by America's dependence on the automobile. It relieves congestion, provides mobility to the poor, the elderly and the underutilized labor pool.

More importantly, it frees our highways for their intended purpose—interstate commerce. For the last decade, the transit funding has borne a disproportionate share of the cutbacks needed for budget reductions.

Federal highway authorization has increased by 60 percent. Mass transit funding has dropped by 30 percent. Our Government's solution to urban expansion has always been to build more and more roads, without encouraging alternate modes of transportation.

That solution flies in the face of our mandate to conserve energy and, supposedly, clean up the air and the environment.

By encouraging the use of automobiles as a primary source of individual transportation, we create a perpetual cycle of expansion

that brings more congestion, more gridlock and more pollution, followed by more and more expansion, which, again, is fostering more congestion, gridlock and pollution.

It makes no sense to embrace a Clean Air bill and counter with a surface transportation proposal that works against clean air goals.

We can't build more highways without providing more efficient ways to use them. And you cannot place this burden upon local mayors across the country.

Our national transportation agenda needs to balance the mobility, the needs of the metropolitan area with other important national goals.

As our metropolitan areas continue to expand, businesses need convenient access to the labor pool in the central urban areas. A regional transportation network that mixes rail and bus transit systems with interstate and local highways will serve the community needs of our central business districts, our communities and our outlying suburban areas.

The country has already learned what can happen to our major cities without adequate mass transit funding. The lack of an integrated mass transit system forces commuters to the roads and results in massive congestion and pollution.

In Chicago, we are working hard to fund creative transit alternatives, but we cannot succeed without adequate funding at all levels of government.

When our new Southwest line is completed, all four quadrants of the city will be served by rapid transit for the first time.

This year, we have earned the support at the State, Federal and local levels to plan a transit circulator to serve our central business area.

The light rail system will work together with existing highways and bus transit systems to move people quickly and conveniently throughout the downtown area. This will allow our central business area to expand without contributing to gridlock.

These types of projects need to be done in major urban areas throughout the country. By integrating our mass transit and our highway systems, we can serve the needs of commerce and industry and continue to grow and prosper in the metropolitan area.

In Illinois, we have been able to place Federal cuts in mass transit funding with State and local support. But, that funding is becoming difficult to maintain. Our States have municipalities that are experiencing budget cuts of their own.

We're already into significant cuts in transit funding in the proposed 1992 State budget.

In real dollars, the Federal reduction of mass transit funding is more than 50 percent over the last decade, and will reach 60 percent by 1996 under the current administration proposals.

We cannot expect to build our economy, meet our Clean Air requirements, relieve congestion without reversing the downward trend at the Federal level.

I am encouraging the committee to provide a more balanced Federal transportation program by authorizing greater assistance for mass transit.

Clean air, energy conservation and economic development are not parochial issues; they are vital to the strength and future of our Nation.

To thrive, we need a cohesive national plan to address these issues as they relate to existing systems of urban transit.

Most importantly, we need the resources to implement it.

Thank you again for the opportunity to express my views, and I thank Senator D'Amato and Senator Cranston for holding this symposium.

Thank you very much.

Senator CRANSTON. I thank the two mayors very much for their very, very fine and helpful and constructive statements. We will now hear from Brian Clymer, President Bush's choice to head the Urban Mass Transportation Administration. He was sworn in as the twelfth Administrator on November 16, 1989.

He comes to the position with an extensive background in both transportation and municipal finance. He served on the Board of Directors of the Southeastern Pennsylvania Transportation Authority from 1980–89.

He resigned as Vice-Chairman of the Board to become UPTA Administrator.

A certified public accountant in the State of Pennsylvania, Mr. Clymer has almost 20 years of experience in public accounting. And, in 1982, founded Clymer, Merz and Ama, certified public accountants. The firm's specialties include municipal finance and entrepreneurial ventures.

Mr. Clymer is a member of the American Institute of Certified Public Accountants, the Pennsylvania Institute of Certified Public Accountants, and the Government Finance Officers' Association.

He also serves ex-officio as a member of the Transportation Research Board Executive Committee.

He was awarded a bachelor of Science in Business and Economics from Lehigh University in 1969.

Brian Clymer is a very fine person to speak to us this morning because so much will depend upon his leadership. He's made himself available, let me add, for informal discussions over lunch for those of you who will be able to join us downstairs.

So, now, Brian Clymer.

STATEMENT OF BRIAN CLYMER, CHAIRMAN, U.S. URBAN MASS TRANSPORTATION ADMINISTRATION

Mr. CLYMER. Thank you very much, Mr. Chairman. I appreciate the opportunity to speak to you in this symposium this morning. It's a pleasure to join you and your fellow Senators, and also to join Mayor Daley and fellow CPA, Mayor Whitmire, from Houston.

There's certainly no question that I share the vision that has been contained in the remarks that have gone before me. And I pledge that the Urban Mass Transportation Administration and the Department of Transportation will continue to be full partners and participants in the debate and the ensuing legislative process.

I thought that I might contribute to this panel this morning by talking briefly, in general terms, about the Administration's reauthorization proposal for Mass Transit.

As you know, Mr. Chairman, the Administration proposed a reauthorization package that will renew our various programs of surface transportation assistance for another 5-year period.

Roaming through our reauthorization proposals are two basic themes that were already mentioned this morning—stability and flexibility.

Stability in the stream of Federal assistance to State and local governments, so State and local governments can reasonably predict their level of Federal funding from one year to the next and make their plans accordingly.

Flexibilities so local officials can choose the most effective transportation project to fit their needs and not be forced to accept projects to fit the funds they have left in various program categories.

No one in the room today can predict with certainty exactly what kind of a reauthorization bill will finally emerge from congressional deliberations in the ensuing months. But, the Administration believes strongly in the reauthorization proposal it has put together, and we have submitted our budget proposal consistent with it.

Perhaps the single feature of our proposed 1992 budget which makes it much different from appropriations in previous years is the degree to which it relies on trust fund revenue for its resources.

Only the separately authorized metro rail transit system here in the Washington area will continue to rely on general revenue.

All the rest of the mass transportation general assistance program, from new buses to new starts from the replacement of subway cars to the salaries of my agency's staff, will be funded from the dedicated penny and a half a gallon in motor fuel tax that constitutes the mass transit account of the Highway Trust Fund.

Because of the accumulated balances plus accrued interest over the years, this Fund is able to sustain a steady program of mass transportation assistance for the length of the proposed 5-year reauthorization.

We believe that shifting the mass transportation assistance program to this account will bring real and measurable benefits to the operators of mass transportation from coast to coast.

At a time of continued pressure on the whole Federal fiscal apparatus plus no reduction whatsoever in the need to take steps to bring the Federal deficit under control, shifting the mass transportation program to the trust fund makes imminent good sense.

In fact, it makes more than good sense. It represents a rare, one-time opportunity to safeguard and stabilize the mass transportation assistance program while simultaneously reducing demand on general revenue.

The second biggest change we are proposing is not anything revolutionary. It's a continuation of a trend that Congress initiated back in 1974 and has expanded in various reauthorizations since then.

We think it's time to shift more of the program to formula allocation and reduce reliance on discretionary grant making.

When the UMTA program was new, the capital needs of mass transportation reflected decades of neglect; discretionary grants

were the proper instruments to channel needed funds to those grantees that were ready and able to make use of them.

Over the years and in no small measure, thanks to the assistance on funds made available through the UMTA program, conditions have evolved for the better.

Today, mass transportation agencies do not need one-time discretionary grants to initiate capital reinvestment programs. They need a steady and sustaining source of funding they can rely on year after year and use to continue their long-term programs of infrastructure investment.

This year, 35 percent of the mass transportation program is being distributed by discretionary instruments. Next year, we want to bring it down to just a little over 10 percent.

This year, there are three categories of discretionary grants among the major capital-oriented programs—$440 million for new starts, another $455 million for rail modernization and a bus program of $220 million.

Next year, the only discretionary spending we are proposing is $300 million for new starts and $50 million for other discretionary purposes, such as helping grantees meet the requirements of the Clean Air Act and the Americans With Disabilities Act.

All the rest of the program will be allocated by formula. The section 9 formula itself was developed at the time of the 1982 reauthorization and has stood the test of time as an equitable instrument for allocating Federal resources, and we're proposing no major change to it.

Shifting more and more of the program's formula allocation is anything but a radical change. It is simply a recognition and continuation of a trend that began in 1974 when what had previously been a totally discretionary program was supplemented by formula assistance.

For that matter, discretionary rail modernization grants have long been administered with a good deal of reliance on formulas to determine the relative allocations among grantees of varying size and complexity.

Making this program officially allocated by formula recognizes in law what has, in fact, been an administrative practice. Discretionary rail modernization grants have been awarded to basically eight urbanized areas that operate older rail transit systems.

We are saying that, instead of a discretionary rail modernization program of $455 million, a special sum of money should be added to the basic section 9 formula, but allocated solely on the basis of the rail factors in the formula.

The cities that have the rail factors under the section 9 formula represent a somewhat larger universe than the eight traditional participants in the discretionary rail modernization program.

So, if we simply took this year's $440 million of discretionary money and allocated it according to the section 9 rail factors, the eight traditional participants would get short-changed. A resource that was theirs exclusively would have to be shared with cities operating new rail systems, as well as others whose operations include services that are technically identified as rail service under the law—ferry boats, HOV lanes, trolley buses and the like. That would not be fair, but that's not what we are suggesting.

We have identified a sum of $600 million, not $455 million, for special allocations by the rail factors. This not only keeps the old rail modernization participants whole, it allows the newer rail systems to take another step toward full maturity and begin their own capital reinvestment programs, programs that will be essential if these newly built systems are to avoid the kind of infrastructure decay and neglect that made the older rail modernization program necessary in the first place.

Shifting to the needs of bus transit systems, we believe our budget provides more than ample resources for all the bus transit operators in the Nation to continue aggressive investment programs of regular cyclical fleet replacement, with enough money left over for ensuring these vehicles are supported by proper garage and maintenance facilities.

Another effort we propose funding through such a fixed percent setaside from the basic formula assistance program is the newly invigorated effort in the combined areas of transportation planning, research and technical assistance.

The roots of this program can be found in the highway planning and research activity of our sister agency, the FHWA because it, too, is funded by a fixed percentage setaside. It provides important stability to highway research in our country.

As my colleague, Tom Larsen, has undoubtedly told you many times, Mr. Chairman, America leads the world in highway research. We don't believe there is any reason to be satisfied until we lead the world in transportation research, as well.

Our new program will provide adequate resources so that the mass transportation community can improve its product to serve new markets and meet new demands more efficiently and more effectively.

The mass transportation industry strongly supports our initiatives in this area. As you are aware, a renewed emphasis on transportation research is also a major theme in our national transportation policy.

That brings me, Mr. Chairman, to the final two matters to highlight as we begin our hearings: new starts and operating subsidies.

First, operating subsidies. You will not hear from the Administration any deprecation of the importance of mass transportation operations. You are also not hearing in the Administration's position on Federal operating subsidies any effort to reduce the overall level of Federal mass transportation assistance program.

But, you are hearing a very strong statement that there is a far more defensible Federal role in the area of capital investments than operating subsidies. And for the good of the mass transportation assistance program, we had best shift its resources more in that direction.

We have, thus, proposed what I hope the committee will regard as a compromise to get this divisive issue behind us.

In the smaller cities, where any sudden elimination of Federal operating subsidies could bring serious stress tc mass transportation providers, we are saying:

Let us redefine some terminology.

Let us eliminate operating subsidies as such but, instead, regard as eligible for Federal capital assistance a range of day to day ex-

penditures for materials, spare parts and supplies that are currently paid for out of operating budgets. To ensure that this change will not bring any discomfort to any additional mass transportation operators for any system whose current expenditures for materials, spare parts and supplies does not equal the level of its current Federal operating assistance, there will be a hold harmless provision to permit the expenditure of funds equal to the old operating cap for noncapping purposes.

Needless to say, we don't want to see any growth in this expenditure category beyond something approximating the current level of Federal operating assistance, since we've remained convinced that the more proper role is capital assistance.

Therefore, we are proposing that the use of Federal funds for this new category be limited to 25 percent of the apportionment or the old operating cap, whichever number is higher.

For the larger transit systems, those in urbanized areas with the populations in excess of one million, we are saying:

Let us convert the entire Federal assistance program to a capital only resource.

Our analysis tells us that this will not produce any sudden or severe distortions in current patterns or levels of mass transportation service.

In most of these larger urbanized areas, Federal assistance currently provides, on average, about 5–6 percent of overall operating expenses, less in some of the larger systems.

It will take time to make necessary budget corrections at the local level to adjust to this proposal. But, a stronger Federal mass transportation assistance program will emerge from it all because a stronger case can be made for Federal capital assistance than for Federal operating assistance.

Finally, Mr. Chairman, I will say a word about new starts. I will, frankly, admit that this is the single area of potential mass transportation capital spending where we will not say that we will provide adequate resources to meet full demand.

We are proposing a discretionary program for new starts funded at $300 million. But, as Secretary Skinner told the annual legislative meeting of the American Public Transit Association, there are three important points to be made with respect to new starts.

One, we are proposing a new start program. We believe it is vital that there be some Federal resource made available that can be used to expand fixed guideway mass transportation into areas and markets where it currently does not function.

Two, because we cannot provide adequate resources to meet all demand, it becomes all the more critical that we allow professionally developed and objectively applied quantitative criteria to become the instrument for making funding decisions.

Three, intermodal flexibility. Because new start projects involve a good deal of one-time costs, it will be possible to supplement discretionary dollars from the mass transportation assistance program with flexible formula dollars from the highway program that will be useful for mass transportation purposes under our proposed reauthorization.

If a new rail transit line is that high a priority for a community, making some choices and diverting some highway dollars to the project does not seem too high a price to ask.

That, Mr. Chairman, is a brief outline of the program. The themes of stability and flexibility are paramount in our proposal. We have also reached a time in the history of the Federal mass transportation assistance program when other important adjustments are also appropriate, adjustments like greater use of the formula mechanisms and heavier reliance on the trust fund as a source of the program's dollars.

Mr. Chairman, thank you very much.

[The complete prepared statement of Brian Clymer follows:]

REMARKS

BRIAN W. CLYMER

ADMINISTRATOR

U.S. URBAN MASS TRANSPORTATION ADMINISTRATION

Washington, D.C.

March 13, 1991

Nationad Mass Transit Symposium

SENATOR CRANSTON; SENATOR HEINZ; SENATOR D'AMATO.

MAYOR WHITMIRE; MAYOR DALEY.

I THOUGHT I MIGHT CONTRIBUITE TO YOUR PANEL TODAY BY TALKING BRIEFLY, AND IN GENERAL TERMS, ABOUT THE ADMINISTRATION'S RE-AUTHORIZATION PROPOSAL FOR MASS TRANSPORTATION.

AS YOU ALL KNOW, THE ADMINISTRATION HAS PROPOSED A RE-AUTHORIZATION PACKAGE THAT WILL RENEW OUR VARIOUS PROGRAMS OF SURFACE TRANSPORTATION ASSISTANCE FOR ANOTHER FIVE YEAR PERIOD.

WOVEN THROUGH OUR RE-AUTHORIZATION PROPOSAL ARE TWO BASIC THEMES: STABILITY AND FLEXIBILITY.

STABILITY IN THE STREAM OF FEDERAL ASSISTANCE SO STATE AND LOCAL GOVERNMENTS CAN REASONABLY PREDICT THEIR LEVEL OF FEDERAL FUNDING FROM ONE YEAR TO THE NEXT, AND MAKE PLANS ACCORDINGLY. FLEXIBILITY, SO LOCAL OFFICIALS CAN CHOOSE THE MOST EFFECTIVE TRANSPORTATION PROJECT TO FIT THEIR NEEDS, NOT BE FORCED TO ACCEPT THE PROJECTS THAT FIT THE FUNDS THEY HAVE LEFT IN VARIOUS PROGRAM CATEGORIES.

NO ONE IN THE ROOM TODAY CAN PREDICT WITH CERTAINTY EXACTLY WHAT KIND OF A RE-AUTHORIZATION BILL WILL FINALLY EMERGE FROM CONGRESSIONAL DELIBERATIONS IN THE ENSUING MONTHS.

BUT THE ADMINISTRATION BELIEVES STRONGLY IN THE RE-AUTHORIZATION PROPOSAL IT HAS PUT TOGETHER, AND WE HAVE SUBMITTED OUR BUDGET PROPOSAL FOR THE UPCOMING FISCAL YEAR CONSISTENT WITH IT

PERHAPS THE SINGLE FEATURE OF OUR PROPOSED 1992 BUDGET THAT MAKES IT MOST DIFFERENT FROM APPROPRIATIONS OF PREVIOUS YEARS IS THE DEGREE TO WHICH IT RELIES ON TRUST FUND REVENUE FOR ITS RESOURCES.

ONLY THE SEPARATELY AUTHORIZED METRORAIL TRANSIT SYSTEM HERE IN THE WASHINGTON AREA WILL CONTINUE TO RELY ON GENERAL REVENUE.

ALL THE REST OF THE MASS TRANSPORTATION ASSISTANCE PROGRAM ... FROM NEW BUSES TO NEW STARTS, FROM THE REPLACEMENT OF SUBWAY CARS TO THE SALARIES FOR MY AGENCY'S STAFF ... WILL BE FUNDED FROM THE DEDICATED PENNY-AND-A-HALF A GALLON IN MOTOR FUEL TAX THAT CONSTITUTES THE MASS TRANSIT ACCOUNT OF THE HIGHWAY TRUST FUND.

BECAUSE OF ACCUMULATED BALANCES, PLUS ACCRUED INTEREST OVER THE YEARS, THIS FUND IS ABLE TO SUSTAIN A STEADY PROGRAM OF MASS TRANSPORTATION ASSISTANCE FOR THE LENGTH OF THE PROPOSED FIVE-YEAR RE-AUTHORIZATION.

WE BELIEVE THAT SHIFTING THE MASS TRANSPORTATION ASSISTANCE PROGRAM TO THIS ACCOUNT WILL BRING REAL AND MEASURABLE BENEFITS TO THE OPERATORS OF MASS TRANSPORTATION FROM COAST TO COAST.

AT A TIME OF CONTINUED PRESSURE ON THE WHOLE FEDERAL FISCAL APPARATUS, PLUS NO REDUCTION WHATSOEVER IN THE NEED TO TAKE STEPS TO BRING THE FEDERAL DEFICIT UNDER CONTROL, SHIFTING THE MASS TRANSPORTATION PROGRAM TO THE TRUST FUND MAKES EMINENT GOOD SENSE.

IN FACT, IT MAKES MORE THAN GOOD SENSE; IT REPRESENTS A RARE AND ONE-TIME OPPORTUNITY TO SAFEGUARD AND STABILIZE THE MASS TRANSPORTATION ASSISTANCE PROGRAM, WHILE SIMULTANEOUSLY REDUCING DEMAND ON GENERAL FEDERAL REVENUE.

THE SECOND BIGGEST CHANGE WE ARE PROPOSING IS NOT ANYTHING REVOLUTIONARY; IT IS A CONTINUATION OF A TREND THAT THE CONGRESS INITIATED BACK IN 1974, AND HAS EXPANDED IN VARIOUS RE-AUTHORIZATIONS SINCE THEN.

WE THINK IT'S TIME TO SHIFT MORE OF THE PROGRAM TO FORMULA ALLOCATION AND REDUCE RELIANCE ON DISCRETIONARY GRANT-MAKING.

WHEN THE UMTA PROGRAM WAS NEW, THE CAPITAL NEEDS OF MASS TRANSPORTATION REFLECTED DECADES OF NEGLECT; DISCRETIONARY GRANTS WERE THE PROPER INSTRUMENTS TO CHANNEL NEEDED FUNDS TO THOSE GRANTEES THAT WERE READY AND ABLE TO MAKE USE OF THEM.

OVER THE YEARS, AND IN NO SMALL MEASURE THANKS TO THE ASSISTANCE FUNDS MADE AVAILABLE THROUGH THE UMTA PROGRAM, CONDITIONS HAVE EVOLVED FOR THE BETTER.

TODAY, MASS TRANSPORTATION AGENCIES DO NOT NEED ONE-TIME DISCRETIONARY GRANTS TO INITIATE CAPITAL RE-INVESTMENT PROGRAMS.

THEY NEED A STEADY AND SUSTAINING SOURCE OF FUNDING THEY CAN RELY ON YEAR AFTER YEAR, AND USE TO CONTINUE THEIR LONG-TERM PROGRAMS OF INFRASTRUCTURE INVESTMENT.

THIS YEAR, THIRTY-FIVE PERCENT (35%) OF THE MASS TRANSPORTATION PROGRAM IS BEING DISTRIBUTED BY DISCRETIONARY INSTRUMENTS.

NEXT YEAR, WE WANT TO BRING THAT DOWN TO JUST A LITTLE OVER TEN PERCENT (10%).

THIS YEAR, THERE ARE THREE CATEGORIES OF DISCRETIONARY GRANTS AMONG THE MAJOR CAPITAL-ORIENTED PROGRAMS ... $440 MILLION FOR NEW STARTS, ANOTHER $455 MILLION FOR RAIL MODERNIZATION, AND A BUS PROGRAM OF $220 MILLION.

NEXT YEAR, THE ONLY DISCRETIONARY SPENDING WE ARE PROPOSING IS $300 MILLION FOR NEW STARTS, AND $50 MILLION FOR OTHER DISCRETIONARY PURPOSES SUCH AS HELPING GRANTEES MEET THE REQUIREMENTS OF THE CLEAN AIR ACT AND THE AMERICANS WITH DISABILITIES ACT.

ALL THE REST OF THE PROGRAM WILL BE ALLOCATED BY FORMULA.

THE SECTION 9 FORMULA ITSELF WAS DEVELOPED AT THE TIME OF THE 1982 RE-AUTHORIZATION AND HAS STOOD THE TEST OF TIME AS AN EQUITABLE INSTRUMENT FOR ALLOCATING FEDERAL RESOURCES. WE ARE PROPOSING NO MAJOR CHANGE TO IT.

SHIFTING MORE AND MORE OF THE PROGRAM TO FORMULA ALLOCATION IS ANYTHING BUT A RADICAL CHANGE; IT IS SIMPLY A RECOGNITION AND CONTINUATION OF A TREND THAT BEGAN IN 1974 WHEN WHAT HAD PREVIOUSLY BEEN A TOTALLY DISCRETIONARY PROGRAM WAS SUPPLEMENTED BY FORMULA ASSISTANCE.

FOR THAT MATTER, DISCRETIONARY RAIL MODERNIZATION GRANTS HAVE LONG BEEN ADMINISTERED WITH A GOOD DEAL OF RELIANCE ON FORMULAS TO DETERMINE THE RELATIVE ALLOCATIONS AMONG GRANTEES OF VARYING SIZE AND COMPLEXITY. MAKING THIS PROGRAM OFFICIALLY ALLOCATED BY FORMULA RECOGNIZES IN LAW WHAT HAS, IN FACT, BEEN AN ADMINISTRATIVE PRACTICE.

DISCRETIONARY RAIL MODERNIZATION GRANTS HAVE BEEN AWARDED TO BASICALLY EIGHT URBANIZED AREAS THAT OPERATE OLDER RAIL TRANSIT SYSTEMS.

WE ARE SAYING THAT INSTEAD OF A DISCRETIONARY RAIL MODERNIZATION PROGRAM OF $455 MILLION, A SPECIAL SUM OF MONEY SHOULD BE ADDED TO THE BASIC SECTION 9 FORMULA, BUT ALLOCATED SOLELY ON THE BASIS OF THE RAIL FACTORS IN THE FORMULA.

THE CITIES THAT HAVE RAIL FACTORS UNDER THE SECTION 9 FORMULA REPRESENT A SOMEWHAT LARGER UNIVERSE THAN THE EIGHT TRADITIONAL PARTICIPANTS IN THE DISCRETIONARY RAIL MODERNIZATION PROGRAM.

SO IF WE SIMPLY TOOK THIS YEAR'S $440 MILLION OF DISCRETIONARY MONEY AND ALLOCATED IT ACCORDING TO THE SECTION 9 RAIL FACTORS, THE EIGHT TRADITIONAL PARTICIPANTS WOULD GET SHORT-CHANGED.

A RESOURCE THAT WAS THEIRS EXCLUSIVELY WOULD HAVE TO BE SHARED WITH CITIES OPERATING NEW RAIL SYSTEMS, AS WELL AS OTHERS WHOSE TRANSIT OPERATIONS INCLUDE SERVICES THAT ARE TECHNICALLY IDENTIFIED AS "RAIL SERVICE" UNDER THE LAW ... FERRYBOATS, HOV LANES, TROLLEY BUSES, AND THE LIKE.

THAT WOULD NOT BE FAIR; BUT THAT IS NOT WHAT WE ARE SUGGESTING.

WE HAVE IDENTIFIED A SUM OF $600 MILLION, NOT $455 MILLION, FOR SPECIAL ALLOCATION BY THE RAIL FACTORS.

THIS NOT ONLY KEEPS THE OLD RAIL MODERNIZATION PARTICIPANTS WHOLE; IT ALLOWS THE NEWER RAIL SYSTEMS TO TAKE ANOTHER STEP TOWARD FULL MATURITY AND BEGIN THEIR OWN CAPITAL REINVESTMENT PROGRAMS, PROGRAMS THAT WILL BE ESSENTIAL IF THESE NEWLY-BUILT SYSTEMS ARE TO AVOID THE KIND OF INFRASTRUCTURE DECAY AND NEGLECT THAT MADE THE OLDER RAIL MODERNIZATION PROGRAM NECESSARY IN THE FIRST PLACE.

SHIFTING TO THE NEEDS OF BUS TRANSIT SYSTEMS, WE BELIEVE OUR BUDGET PROVIDES MORE THAN AMPLE RESOURCES FOR ALL THE BUS TRANSIT OPERATORS IN THE NATION TO CONTINUE AGGRESSIVE INVESTMENT PROGRAMS OF REGULAR CYCLICAL FLEET REPLACEMENT, WITH ENOUGH MONEY LEFT OVER FOR ENSURING THESE VEHICLES ARE SUPPORTED BY PROPER GARAGE AND MAINTENANCE FACILITIES.

SOMETHING WE PROPOSE FUNDING THROUGH A FIXED PERCENTAGE SET-ASIDE FROM THE BASIC FORMULA ASSISTANCE PROGRAM IS A NEWLY INVIGORATED EFFORT IN THE COMBINED AREAS OF TRANSPORTATION PLANNING, RESEARCH AND TECHNICAL ASSISTANCE.

THE ROOTS OF THIS PROGRAM CAN BE FOUND IN THE HIGHWAY PLANNING AND RESEARCH ACTIVITY OF OUR SISTER AGENCY, THE FHWA. BECAUSE IT, TOO, IS FUNDED BY A FIXED PERCENTAGE SET-ASIDE, IT PROVIDES IMPORTANT STABILITY TO HIGHWAY RESEARCH IN OUR COUNTRY

AS MY COLLEAGUE TOM LARSON HAS SAID MANY TIMES, AMERICA LEADS THE WORLD IN HIGHWAY RESEARCH.

WE DON'T BELIEVE THERE IS ANY REASON TO BE SATISFIED UNTIL WE LEAD THE WORLD IN MASS TRANSPORTATION RESEARCH, AS WELL.

OUR NEW PROGRAM WILL PROVIDE ADEQUATE RESOURCES SO THE MASS TRANSPORTATION COMMUNITY CAN IMPROVE ITS PRODUCT TO SERVE NEW MARKETS AND MEET NEW DEMAND MORE EFFICIENTLY AND MORE EFFECTIVELY.

THE MASS TRANSPORTATION INDUSTRY STRONGLY SUPPORTS OUR INITIATIVES IN THIS AREA. AS YOU ARE AWARE, A RENEWED EMPHASIS ON TRANSPORTATION RESEARCH IS ALSO A MAJOR THEME OF OUR OWN NATIONAL TRANSPORTAION POLICY.

THAT BRINGS ME TO THE FINAL TWO MATTERS I WISH TO HIGHLIGHT THIS MORNING; NEW STARTS AND OPERATING SUBSIDIES.

FIRST, OPERATING SUBSIDIES; YOU WILL NOT HEAR FROM THE ADMINISTRATION ANY DEPRECATION OF THE IMPORTANCE OF MASS TRANSPORTATION OPERATIONS.

YOU ARE ALSO NOT HEARING IN THE ADMINISTRATION'S POSITION ON FEDERAL OPERATING SUBSIDIES, ANY EFFORT TO REDUCE THE OVERALL LEVEL OF THE FEDERAL MASS TRANSPORTATION ASSISTANCE PROGRAM.

BUT YOU ARE HEARING A VERY STRONG STATEMENT THAT THERE IS A FAR MORE DEFENSIBLE FEDERAL ROLE IN THE AREA OF CAPITAL INVESTMENT THAN OPERATING SUBSIDIES, AND FOR THE GOOD OF THE MASS TRANSPORTATION ASSISTANCE PROGRAM, WE HAD BEST SHIFT ITS RESOURCES MORE IN THAT DIRECTION.

WE HAVE THUS PROPOSED WHAT I HOPE THE COMMITTEE WILL REGARD AS A COMPROMISE TO GET THIS DIVISIVE ISSUE BEHIND US.

IN THE SMALLER CITIES, WHERE ANY SUDDEN ELIMINATION OF FEDERAL OPERATING SUBSIDIES COULD BRING SERIOUS STRESS TO MASS TRANSPORTATION PROVIDERS, WE ARE SAYING LET US RE-DEFINE SOME TERMINMOLOGY.

LET US ELIMINATE OPERATING SUBSIDIES AS SUCH, BUT INSTEAD REGARD AS ELIGIBLE FOR FEDERAL CAPITAL ASSISTANCE A RANGE OF DAY-TO-DAY EXPENDITURES FOR MATERIALS, SPARE PARTS AND SUPPLIES THAT ARE CURRENTLY PAID FOR OUT OF OPERATING BUDGETS.

TO ENSURE THAT THIS CHANGE WILL NOT BRING DISCOMFORT TO ANY INDIVIDUAL MASS TRANSPORTATION OPERATORS, FOR ANY SYSTEM WHOSE CURRENT EXPENDITURES FOR MATERIALS, SPARE PARTS AND SUPPLIES DOES NOT EQUAL THE LEVEL OF ITS CURRENT FEDERAL OPERATING ASSISTANCE, THERE WILL BE A "HOLD HARMLESS" PROVISION TO PERMIT THE EXPENDITURE OF FUNDS EQUAL TO THE OLD OPERATING CAP FOR NON-CAPITAL PURPOSES.

NEEDLESS TO SAY WE DO NOT WANT TO SEE ANY GROWTH IN THIS EXPENDITURE CATEGORY BEYOND SOMETHING APPROXIMATING THE CURRENT LEVEL OF FEDERAL OPERATING ASSISTANCE, SINCE WE REMAIN CONVINCED THAT THE MORE PROPER FEDERAL ROLE IS CAPITAL ASSISTANCE.

THEREFORE WE ARE PROPOSING THAT THE USE OF FEDERAL FUNDS FOR THIS NEW CATEGORY BE LIMITED TO TWENTY-FIVE PERCENT (25%) OF THE APPORTIONMENT, OR THE OLD OPERATING CAP, WHICHEVER NUMBER IS HIGHER.

FOR THE LARGER TRANSIT SYSTEMS, THOSE IN URBANIZED AREAS WITH POPULATIONS IN EXCESS OF ONE MILLION, WE ARE SAYING LET US CONVERT THE ENTIRE FEDERAL ASSISTANCE PROGRAM TO A CAPITAL-ONLY RESOURCE.

OUR ANALYSIS TELLS US THAT THIS WILL NOT PRODUCE ANY SUDDEN OR SEVERE DISTORTIONS IN CURRENT PATTERNS OR LEVELS OF MASS TRANSPORTATION SERVICE.

IN MOST OF THESE LARGER URBANIZED AREAS, FEDERAL ASSISTANCE CURRENTLY PROVIDES ON AVERAGE ABOUT FIVE (5) TO SIX (6) PERCENT OF OVERALL OPERATING EXPENSES -- LESS IN THE LARGEST SYSTEMS.

IT WILL TAKE TIME TO MAKE NECESSARY BUDGET CORRECTIONS AT THE LOCAL LEVEL TO ADJUST TO THIS PROPOSAL.

BUT A STRONGER FEDERAL MASS TRANSPORTATION ASSISTANCE PROGRAM WILL EMERGE FROM IT ALL, BECAUSE A STRONGER CASE CAN BE MADE FOR FEDERAL CAPITAL ASSISTANCE THAN FOR FEDERAL OPERATING ASSISTANCE.

FINALLY LET ME SAY A WORD ABOUT NEW STARTS.

I WILL FRANKLY ADMIT THAT THIS IS THE SINGLE AREA OF POTENTIAL MASS TRANSPORTATION CAPITAL SPENDING WHERE WE CAN NOT SAY WE WILL PROVIDE ADEQUATE RESOURCES TO MEET FULL DEMAND. WE ARE PROPOSING A DISCRETIONARY PROGRAM FOR NEW STARTS FUNDED AT $300 MILLION.

BUT AS SECRETARY SKINNER TOLD THE ANNUAL LEGISLATIVE MEETING OF THE AMERICAN PUBLIC TRANSIT ASSOCIATION TWO DAYS AGO, THERE ARE THREE IMPORTANT POINTS TO BE MADE WITH RESPECT TO NEW STARTS.

ONE; WE ARE PROPOSING A NEW STARTS PROGRAM.

WE BELIEVE IT IS VITAL THAT THERE BE SOME FEDERAL RESOURCE MADE AVAILABLE THAT CAN BE USED TO EXPAND FIXED GUIDEWAY MASS TRANSPORTAION INTO AREAS, AND MARKETS, WHERE IT DOES NOT CURRENTLY FUNCTION.

TWO: BECAUSE WE CAN NOT PROVIDE ADEQUATE RESOURCES TO MEET ALL DEMAND, IT BECOMES ALL THE MORE CRITICAL THAT WE ALLOW PROFESSIONALLY-DEVELOPED AND OBJECTIVELY-APPLIED QUANTITATIVE CRITERIA TO BECOME THE INSTRUMENT FOR MAKING FUNDING DECISIONS.

THREE: INTERMODAL FLEXIBILITY. BECAUSE A NEW START PROJECT INVOLVES A GOOD DEAL OF ONE-TIME COST, IT WILL BE POSSIBLE TO SUPPLEMENT DISCRETIONARY DOLLARS FROM THE MASS TRANSPORTATION ASSISTANCE PROGRAM WITH FLEXIBLE FORMULA DOLLARS FROM THE HIGHWAY PROGRAM THAT WILL BE USEABLE FOR MASS TRANSPORTATION PURPOSES UNDER OUR PROPOSED RE-AUTHORIZATION.

IF A NEW RAIL TRANSIT LINE IS THAT HIGH A PRIORITY FOR A COMMUNITY, MAKING SOME CHOICES AND DIVERTING SOME HIGHWAY DOLLARS TO THE PROJECT DOES NOT SEEM TOO HIGH A PRICE TO ASK.

THAT, IN BRIEF OUTLINE, IS THE PROGRAM.

THE THEMES OF STABILITY AND FLEXIBILITY ARE PARAMOUNT IN OUR PROPOSAL, AND WE HAVE ALSO REACHED A TIME IN THE HISTORY OF THE FEDERAL MASS TRANSPORTATION ASSISSTANCE PROGRAM WHEN OTHER IMPORTANT ADJUSTMENTS ARE ALSO APPROPRIATE ... ADJUSTMENTS LIKE GREATER USE OF FORMULA DISTRIBUTION MECHANISMS, AND HEAVIER RELIANCE ON THE TRUST FUND AS THE SOURCE OF THE PROGRAM'S DOLLARS.

SENATORS, MEMBERS OF THE PANEL, AND GUERSTS; THAT CONCLUDES MY REMARKS.

Senator CRANSTON. Thank you, Brian, very much.

Brian has very graciously agreed to take some questions for a very brief time. I'll have my opportunity to ask questions on Friday at the hearing.

So, if the mayors would like to ask him some questions, go ahead.

Mayor WHITMIRE. Mr. Clymer, I would like to raise a question about the new starts funding that is proposed. I do recognize that proposing $300 million for new starts is an increase in what the Administration has previously proposed. And I appreciate the movement in that direction.

On the other hand, it is a 25 percent reduction from what has been available during the current fiscal year and what was available in the previous fiscal year. And for a city like mine and, quite frankly, all of the rest of the growing Sunbelt cities, who are now under mandates under the Clean Air Act to move to more public transportation, don't you think that you're setting up a situation that's going to be virtually impossible for us to meet our goals with a shrinking pot for new starts and a higher and higher demand for new starts?

Mr. CLYMER. I think one part of the point of my comments was—not that it would be impossible. It certainly is possible. The resource that we have been allocating on a year to year basis, we feel has been adequate in its size to fund those systems as they come on board in a chronological fashion.

Unfortunately, there has been a disbursal of the funds, sometimes a jump-starting of the program, earlier than the systems are prepared to use the resources.

We feel that, if the systems are subjected to the normal criteria, if they go through alternative analysis and preliminary engineering and come through in that fashion, that the resource dollars will be adequate to meet those needs at the time that they're prepared to use them.

Senator CRANSTON. There must be some other questions.

[No response.]

Senator CRANSTON. I'm astounded, but you can now leave.

Thank you very, very much.

We're now going to take a very brief break, not more than 3 or 4 minutes, while the panel members of the first panel take their places. Stand up and mill around, but don't go some place.

[Brief recess.]

Senator CRANSTON. We're going to resume our discussions now. Let me explain how we will proceed this morning and this afternoon with the panel.

Each panel will begin with a presentation of two pages. The remaining four panelists will then have an opportunity to respond to the thoughts expressed in the two pages, as well as any other comments they wish to make.

I anticipate this exchange will take close to 1½ hours of the 2 hours allotted to each panel. The remaining time in each panel will be opened for anyone in the audience to come up to the floor mike and comment, question and challenge anything you have heard.

I encourage all of you to participate actively.

I will now introduce Neil Peterson, the moderator for the first panel.

Neil has been the executive director of the Los Angeles County Transportation Commission since February 1989. That body now allocates more than $2 billion in local, State and Federal funds each year for the development of transportation systems.

The Commission is planning the construction of a 150-mile $6 billion rail transit system for L.A. County, and administers the local 1.5 cent sales tax for public transit.

Neil's experience in transportation spans 13 years, including serving as the interim general manager of the Alameda Contra Costa County Transit System. That serves the San Francisco-East Bay metropolitan area.

For 6 years, he directed the Seattle metro. As chairman of the APTA Strategic Planning Committee, he's responsible for developing the interstate position for the impending reauthorization of the Surface Transportation Act.

Neil is currently a board member of the Transportation Coalition of the L.A. Chamber of Commerce, the Commuter Transportation Services and the American Public Transit Foundation.

He previously served as a member of the APTA board of directors, including its executive committee and as the organization's vice-president for technology.

Neil, we thank you for your participation.

STATEMENT OF NEIL PETERSON, EXECUTIVE DIRECTOR OF THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Mr. PETERSON. Thank you, Senator.

I think, on behalf of all of the panelists and everybody in the audience, we appreciate very much the attention you're giving to this issue.

We've got a good group today. We're going to have two talks, given by Alan Kiepper and Michael Meyer, and we're going to have responses from the remaining members of the panel.

The first person I would like to have come forward is Alan Kiepper.

Alan, before being named president of the New York City Transit Authority in March of last year, had compiled a long and successful record in the transportation business.

From 1972 to 1982, he served as a general manager of the MARTA, the Atlanta Rapid Transit Authority.

He then served in the same position with the Metropolitan Transit Authority of Harris County, in the Houston area.

The Houston Metro, under Alan's leadership, received the Outstanding Achievement Award from APTA and, in October of this past year, Alan was elected chairman of APTA, the American Public Transit Association.

He is one of three Americans on the Board of the International Union of Public Transports, headquartered in Brussells, and was recently elected vice president.

He's a member of the American Society of Public Administration, the National Academy of Public Administration, which presented him in 1986 with the National Public Service Award.

From 1984 to 1987, he served on the Executive Committee of the Transportation Research Board and, in 1985, he received APTA's

Jessie Hall Award, given to the transit individual of the year for outstanding contributions to the industry.

Alan now probably has the toughest job in this country: running the New York MTA.

Alan Kiepper.

STATEMENT OF ALAN KIEPPER, PRESIDENT, NEW YORK CITY TRANSIT AUTHORITY, AND CHAIRMAN, AMERICAN PUBLIC TRANSIT ASSOCIATION, APTA

Mr. KIEPPER. Thank you, Neil, and good morning.

Senator, I want to compliment you for taking the leadership in organizing this seminar today. I think it comes at a very critical time, as important decisions are about to be made by the Congress on the new reauthorization act.

And thank you for inviting me to participate today along with this distinguished group of colleagues.

You've asked me to come here today to respond to the question:

Given scarce resources, how should Federal mass transit policy best address congestion, pollution, energy conservation and economic development?

The most straightforward answer is that:

We need to respond to the millions of Americans who are trying to clean our air and repair our Earth with a commitment to mass transit.

Our commitment should reflect a coordinated approach to increasing passenger miles traveled, while decreasing vehicle-miles traveled.

Let me define what I mean by "mass transit". I'm not just referring to traditional buses and trains, although they're an important part of the mix, but to all shared ride modes—van pools, car pools and the devices that induce them, like high-occupancy vehicles.

We have right here on the table one of the most efficient high-occupancy vehicle lanes in the country in the Shirley Busway. The Reauthorization of the Surface Transportation Assistance Act is an opportunity, an opportunity to respond in a focused way to these issues.

For instance, national transit policy will help untie the congestion that threatens to choke our cities and, in fact, is threatening many of them.

One study estimates that, by the year 2000, traffic congestion will increase fivefold. That means that the average worker will spend 2 years of his life traveling to and from work. There will be a greater problem in those areas that have no mass transit, where there is no alternative.

Many suburban areas have little or no access to public transit. The resulting congestion has some communities looking to slow urban growth. These initiatives frequently place economic development opposite a concern for the quality of life.

In California, in 1986, there were 47 slow-growth proposals on the ballots, motivated largely by concerns over congestion and air quality. These initiatives are the last straw. They are the public saying: "You failed. You, the planner, the public manager, the

elected official, you failed us by not recognizing and telling us how to grow reasonably within our means."

Public opinion supports the view that we need to change our policies by changing the ways we transport people, goods and services. A recent national poll stated:

Over 75 percent of the American public recognizes that one person, traveling alone in a car to work, constitutes a problem.

Eighty-two percent felt that action must be taken now to provide more options to the one person per car phenomenon.

Over 70 percent supported actions to increase public transportation. I should add that inconvenience is not the only result of increased highway congestion.

As the number of vehicles increases, so do the number of disabling injuries and deaths.

At the current rate of growth in auto usage, we will see a 40-percent increase in the annual highway death toll by the end of this decade.

A second major point:

In terms of the environment, we must seek to reduce vehicle miles traveled while increasing passenger miles traveled. We need to discourage the single occupant traveled by car. This is the single greatest source of air pollution in our urban areas and, unfortunately, the number of passengers per vehicle is dropping from 1.18 in 1970 to 1.12 last year.

I will not belabor the obvious. More people carried in one vehicle means less pollution. Public equipment that can meet strict guidelines and be checked on a routine basis is more reliable and emission-accountable.

In 1 year, a single bus rider saves over 100 gallons of fuel and we will breathe easier.

The air in many of our major cities is too polluted to meet Federal air standards. Fifty-nine major urban areas failed to meet standards for carbon monoxide. More than a hundred suburban areas exceed pollution standards.

Let's put that in human terms. A 150 million Americans now breathe air that is below desirable standards.

In addition to carbon monoxide, motor vehicles emit the hydrocarbons that produce our ozone and smog problems. So, in addition to breathing pollutants, we are losing an estimated $1.3 billion through crop damage to ozone depletion, smog and other pollutants.

We are only going to cut this damage by discouraging the use of autos, particularly in our cities. We need to be concerned about how quickly, safely and comfortably we move people, and less concerned with the machine that does it.

The greatest energy source in the United States is improved conservation. As proposed by the President, the National Energy Strategy supports a wide range of technologies, but ignores the fact that we must reduce the inefficient use of oil in transportation.

More than 60 percent of our fuel is consumed in transportation, most of that by single-occupant vehicles. And more and more of that fuel is imported. The U.S. Department of Energy reports that:

Dependence on foreign oil will rise from 50 percent this year to 80 percent in the year 2030.

Efficient energy use makes economic sense. There is a mistaken impression that to conserve energy is to limit or diminish economic activity or dynamic growth.

The American Petroleum Institute's score card, a fuel consumed per person, is helpful in dispelling this theory. No one doubts the vitality of Japan's economy and, yet, in Tokyo, only 65 gallons of fuel are used per person, per year.

In Los Angeles, that number is 445 gallons per year.

In West Germany, the average citizen in Munich uses 94 gallons of fuel, while, in Chicago, we burn 367 gallons per person.

Tokyo—65, Los Angeles—445, Munich—94, Chicago—367.

There are equally sharp differences in the use of mass transit. The Japanese out-pace Americans almost 7 to 1 in the number of transit rides per person. Closer to home, the Canadians, with all their wide-open spaces, beat us 2 to 1 in transit usage.

It seems that there is little correlation between the consumption of fuel and economic vitality or affluence. There is greater evidence that the opposite is true. This is further supported by looking at the cost of fuel in countries with whom we compete. We maintain an artificial price that doesn't even keep pace with inflation.

According to the Bureau of Labor Statistics, the cost of a gallon of gas in Britain, France, and Japan is over $3. In Italy, the price at the pump is close to $5; while in the United States, we have maintained the price at about $1 for the past 10 years. We're using as much as two, three, even four times the amount of fuel as our economic competitors. We are consuming far more of a resource with a notably finite quantity.

This is not a legacy to be envied or continued. We need to commit to the fact that less congestion, a clean environment, more efficient use of energy and economic recovery can be achieved through a positive national transit policy.

In my role as chairman of the American Public Transit Association, I am joined by tens of thousands of people who are working to solve these problems. Our primary goal is to help shape the reauthorization of the Surface Transportation Act.

It's important to note the breadth of support our effort to increase public transportation opportunities are receiving. The American Lung Association, the Sierra Club, the Easter Seal Society, the National Council on Aging, the Alliance of American Insurers are a few of the business, health and environmental groups endorsing the need for more Federal transit funding.

To date, over 150 organizations have joined America's Coalition for Transit Now in this effort. Adequate funding is a major component in the report of a 2-year effort made by the membership of APTA to formulate a program for reauthorization.

While the report recommends an $11 billion annual investment as optimal, the current fiscal situation makes a level of about $6.5 billion achievable in the short-term.

That amount would return us to the level at which we were in the mid-1980's. In fact, had the Federal budget just kept up with the inflation rate during the 1980's, we would have achieved the $6.5 billion investment in public transit that we now seek.

For the consumer, one of the most visible changes we seek is to make employer-provided transit fares more attractive.

Currently, employers can provide tax-free parking spaces to their employees. In New York City, where a parking space can run $550 a month, that translates into a $6,600 a year nontaxed benefit.

If the employee rides mass transit, the maximum benefit an employer can provide is $15 for a tax-free transit pass. If an employer exceeds that amount, the entire amount is considered a taxable benefit.

Clearly, that law is unfair, economically discriminatory, a disincentive and must be changed. The Code should treat both items equally.

The Administration has endorsed this finally and we welcome their support.

And, Senator Moynihan has introduced Bill S. 26, which we understand will implement this recommendation.

A few weeks ago, the President and the Secretary of Transportation presented the Administration's proposal for the Reauthorization of the Surface Transportation Act. It was a sad week for transit.

The proposal is remarkable, not only for what it includes, but for what it excludes. The proposal provides overall growth of 2.2 percent in fiscal 1992 in transit funding, and then no increase for three years.

Assuming inflation of 5–6 percent, transit funding drops by 20 percent in real terms over the 5-year period.

On the other hand, the Federal budget makes a general allowance for aviation. It gives the Federal Aviation Administration over $20 per air trip, while mass transit funding comes to 29 cents per ride.

The budget continues to provide for the building of highways. Highway funding is up 85 percent from 10 years ago, and is expected to grow another 39 percent according to the Administration's bill.

Elimination of operating assistance at a time when State and local governments are being forced to cut their support is remarkable.

We are unequivocally opposed to the elimination of operating assistance. This money should be added back in and the ½ cent mass transit portion of the gas tax imposed last year should be made available immediately to help fund it.

The transit grant matching share drops by 25 percent to 60 percent while the Administration leaves the share of most highway programs at 75–90 percent.

I expect this may put some transportation planners in a dilemma over whether to choose highways over transit.

Perhaps the biggest paradox is the proposal to provide funding to States based on gas usage. Instead of being rewarded for saving fuel, conservation-oriented States will be penalized. My own State of New York, for example, will lose $100 billion a year in Federal funding based on this allocation proposal.

The more gas a State uses, the more money it gets to build roads, so they can burn more gas.

While the program provides that only 30 percent of a State's highway funds can be used for transit projects, it allows 100 percent of a State's transit funds to be used for highways.

The Administration's proposal, its energy strategy and proposed environmental programs have too little in common. All of them fail to construct a cohesive, coordinated plan for achieving the goals of efficient energy use, clean air and improved mobility that will result in improved economic activity.

We need a new national commitment that will lower our need to import foreign oil, not only by seeking alternative sources of oil or energy, but by making hard choices and investing in our public infrastructure, particularly our public transit systems.

We need commitment that will put us on an equal footing with our economic competitors before they travel so far ahead we can't catch up. We need a commitment that will allow the price of oil to rise with inflation and be taxed in a manner that makes it abundantly clear that fuel is not an abundant resource.

By dealing with these issues now, we can avoid both a continuing crisis of confidence on the part of the public and pass on to the next generation a balanced transportation system more sensitive to the environment, less wasteful of energy, one that supports improved quality of life rather than causing it to deteriorate.

[The complete prepared statement of Alan F. Kiepper follows:]

TESTIMONY OF ALAN F. KIEPPER

CHAIRMAN, AMERICAN PUBLIC TRANSIT ASSOCIATION

PRESIDENT, NEW YORK CITY TRANSIT AUTHORITY

UNITED STATES SENATE

COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

MARCH 13, 1991

YOU HAVE ASKED ME TO COME HERE TODAY TO RESPOND TO THE QUESTION, "GIVEN SCARCE RESOURCES, HOW SHOULD FEDERAL MASS TRANSIT POLICY BEST ADDRESS CONGESTION, POLLUTION, ENERGY CONSERVATION AND ECONOMIC DEVELOPMENT?"

THE MOST STRAIGHT FORWARD ANSWER IS THAT WE NEED TO RESPOND TO THE MILLIONS OF AMERICANS WHO ARE TRYING TO CLEAN OUR AIR AND REPAIR OUR EARTH - WITH A COMMITMENT TO MASS TRANSIT. OUR COMMITMENT SHOULD REFLECT A COORDINATED APPROACH TO INCREASING PASSENGER MILES WHILE DECREASING VEHICLE MILES TRAVELLED.

THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT IS AN OPPORTUNITY. IT IS AN OPPORTUNITY TO RESPOND IN A FOCUSED WAY TO THESE ISSUES. FOR INSTANCE, NATIONAL TRANSIT POLICY WILL HELP UNTIE THE CONGESTION THAT IS THREATEN TO CHOKE OUR CITIES.

ONE STUDY ESTIMATES THAT BY THE YEAR 2005,

TRAFFIC CONGESTION WILL INCREASE FIVEFOLD. THAT MEANS THAT THE AVERAGE WORKER WILL SPEND TWO YEARS IN TRAFFIC TRAVELLING TO AND FROM WORK.

THERE WILL BE A GREATER PROBLEM IN THOSE AREAS THAT HAVE NO MASS TRANSIT, WHERE THERE IS NO ALTERNATIVE. MANY SUBURBAN AREAS HAVE LITTLE OR NO ACCESS TO PUBLIC TRANSIT. THE RESULTING CONGESTION HAS SOME COMMUNITIES LOOKING TO SLOW SUBURBAN GROWTH. THESE INITIATIVES FREQUENTLY PLACE ECONOMIC DEVELOPMENT OPPOSITE A CONCERN FOR THE QUALITY OF LIFE. IN CALIFORNIA IN 1986 THERE WERE 47 "SLOW GROWTH" PROPOSALS ON THE BALLOTS.

THESE INITIATIVES ARE THE LAST STRAW. THEY ARE THE PUBLIC SAYING: "YOU FAILED." YOU THE PLANNER. THE PUBLIC MANAGER. YOU FAILED US BY NOT RECOGNIZING AND TELLING US HOW TO GROW REASONABLY WITHIN OUR MEANS.

PUBLIC OPINION SUPPORTS THE VIEW THAT WE NEED TO CHANGE OUR POLICIES BY CHANGING THE WAYS WE TRANSPORT PEOPLE, GOODS AND SERVICES. A RECENT NATIONAL POLL STATED:

OVER 75% OF THE AMERICAN PUBLIC RECOGNIZES THAT ONE PERSON TRAVELLING ALONE IN A CAR TO WORK CONSTITUTES A PROBLEM.

82% FELT THAT ACTION MUST BE TAKEN NOW TO PROVIDE MORE OPTIONS TO THE ONE PERSON PER CAR PHENOMENON.

OVER 70% SUPPORTED ACTIONS TO INCREASE PUBLIC TRANSPORATION.

I SHOULD ADD THAT INCONVENIENCE IS NOT THE ONLY RESULT OF INCREASED HIGHWAY CONGESTION. AS THE NUMBER OF VEHICLES INCREASES, SO DO THE NUMBER OF DISABLING INJURIES AND DEATHS. AT THE CURRENT RATE OF GROWTH IN AUTO USAGE, WE WILL SEE A 40% INCREASE IN THE ANNUAL HIGHWAY DEATH TOLL BY THE END OF THIS DECADE.

SECOND, IN TERMS OF THE ENVIRONMENT, WE MUST SEEK TO REDUCE VEHICLE MILES TRAVELLED, WHILE INCREASING PASSENGER MILES TRAVELLED. WE NEED TO DISCOURAGE SINGLE OCCUPANT TRAVEL BY CAR. THIS IS THE SINGLE GREATEST SOURCE OF AIR

POLLUTION IN OUR URBAN AREAS.. AND, UNFORTUNATELY, THE NUMBER OF PASSENGERS PER VEHICLE IS DROPPING: FROM 1.18 IN 1970 TO 1.12 LAST YEAR.

I WILL NOT BELABOR THE OBVIOUS. MORE PEOPLE CARRIED IN ONE VEHICLE MEANS LESS POLLUTION. PUBLIC EQUIPMENT THAT CAN MEET STRICT GUIDELINES AND BE CHECKED ON A ROUTINE BASIS IS MORE RELIABLE AND EMISSION ACCOUNTABLE. IN ONE YEAR A SINGLE BUS RIDER SAVES OVER 100 GALLONS OF FUEL -- AND WE WILL BREATH EASIER.

THE AIR IN MANY OF OUR MAJOR CITIES IS TOO POLLUTED TO MEET FEDERAL GUIDELINES. 59 MAJOR URBAN AREAS FAIL TO MEET STANDARDS FOR CARBON MONOXIDE. MORE THAN 100 SUBURBAN AREAS EXCEED POLLUTION STANDARDS. LET'S PUT THAT IN HUMAN TERMS -- 150 MILLION AMERICANS NOW BREATHE AIR THAT IS BELOW STANDARD.

IN ADDITION TO CARBON MONOXIDE, MOTOR VEHICLES EMIT THE HYDROCARBONS THAT PRODUCE OUR OZONE AND SMOG PROBLEM. SO IN ADDITION TO BREATHING POLLUTANTS, WE ARE LOSING AN ESTIMATED 1.3

BILLION DOLLARS THROUGH CROP DAMAGE TO OZONE DEPLETION, SMOG AND OTHER POLLUTANTS.

WE ARE ONLY GOING TO CUT BY DISCOURAGING THE USE OF AUTOS, PARTICULARLY IN OUR CITES. WE NEED TO BE CONCERNED ABOUT HOW QUICKLY, SAFELY AND COMFORTABLY WE MOVE PEOPLE -- AND LESS CONCERNED WITH THE MACHINE THAT DOES IT.

THE GREATEST ENERGY SOURCE IN THE UNITED STATES IS IMPROVED CONSERVATION. AS PROPOSED BY THE PRESIDENT, THE NATIONAL ENERGY STRATEGY SUPPORTS A WIDE RANGE OF TECHNOLOGIES, BUT IGNORES THE FACT THAT WE MUST REDUCE THE INEFFICIENT USE OF OIL IN TRANSPORTATION. MORE THAN SIXTY PERCENT OF OUR FUEL IS CONSUMED IN TRANSPORTATION.

AND MORE AND MORE OF THAT FUEL IS IMPORTED. THE U.S. DEPARTMENT OF ENERGY REPORTS THAT DEPENDENCE ON FOREIGN OIL WILL RISE FROM 50% THIS YEAR TO 80% IN 2030.

EFFICIENT ENERGY USE MAKES ECONOMIC SENSE. THERE IS A MISTAKEN IMPRESSION THAT TO CONSERVE

ENERGY IS TO LIMIT OR DIMINISH ECONOMIC ACTIVITY OR DYNAMIC GROWTH. THE AMERICAN PETROLEUM INSTITUTE'S SCORE CARD OF FUEL CONSUMED PER PERSON IS HELPFUL IN DISPELLING THIS THEORY.

NO ONE DOUBTS THE VITALITY OF JAPAN'S ECONOMY, AND YET, IN TOKYO ONLY 65 GALLONS OF FUEL ARE USED PER PERSON, PER YEAR. IN LOS ANGELES THAT NUMBER IS 445 PER ANNUM. IN WEST GERMANY THE AVERAGE CITIZEN IN MUNICH USES 94 GALLONS OF FUEL. WHILE IN CHICAGO WE BURN 367 PER PERSON.

TOKYO: 65; LOS ANGELES : 445; MUNICH: 94; CHICAGO: 367.

THERE ARE EQUALLY SHARP DIFFERENCES IN THE USE OF MASS TRANSIT. THE JAPANESE OUTPACE AMERICANS ALMOST SEVEN TO ONE IN THE NUMBER OF TRANSIT RIDES PER PERSON. CLOSER TO HOME, THE CANADIANS WITH ALL THEIR WIDE OPEN SPACES --BEAT US TWO TO ONE IN TRANSIT USAGE.

IT SEEMS THERE IS LITTLE CORRELATION BETWEEN THE CONSUMPTION OF FUEL AND ECONOMIC VITALITY OR

AFFLUENCE. THERE IS GREATER EVIDENCE THAT THE OPPOSITE IS TRUE.

THIS IS FURTHER SUPPORTED BY LOOKING AT THE COST OF FUEL IN COUNTRIES WITH WHOM WE COMPETE. WE MAINTAIN AN ARTIFICIAL PRICE THAT DOES NOT EVEN KEEP PACE WITH INFLATION.

ACCORDING TO THE BUREAU OF LABOR STATISTICS, THE COST OF A GALLON OF GAS IN BRITAIN, FRANCE AND JAPAN IS OVER THREE DOLLARS. IN ITALY THE PRICE AT THE PUMP IS CLOSE TO FIVE DOLLARS. WHILE IN THE UNITED STATES WE HAVE MAINTAINED THE PRICE AT AROUND ONE DOLLAR FOR THE PAST TEN YEARS.

WE ARE USING AS MUCH AS TWO, THREE, EVEN FOUR TIMES THE AMOUNT OF FUEL AS OUR ECONOMIC COMPETITORS. WE ARE CONSUMING FAR MORE OF A RESOURCE WITH A NOTABLY FINITE QUALITY. THIS IS NOT A LEGACY TO BE ENVIED OR CONTINUED.

WE NEED TO COMMIT TO THE FACT THAT LESS CONGESTION, A CLEAN ENVIRONMENT, MORE EFFICIENT USE OF ENERGY, AND ECONOMIC RECOVERY CAN BE

ACHIEVED THROUGH A POSITIVE NATIONAL TRANSIT POLICY.

MY ROLE AS CHAIRMAN OF THE AMERICAN PUBLIC TRANSIT ASSOCIATION, I AM JOINED BY TENS OF THOUSANDS OF PEOPLE WHO ARE WORKING TO SOLVE THESE PROBLEMS. A PRIMARY GOAL IS TO HELP SHAPE THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION ACT.

IT IS IMPORTANT TO NOTE THE BREADTH OF SUPPORT OUR EFFORT TO INCREASE PUBLIC TRANSIT OPPORTUNITIES ARE RECEIVING. THE AMERICAN LUNG ASSOCIATION. THE SIERRA CLUB. THE EASTER SEAL SOCIETY. THE NATIONAL COUNCIL ON AGING. THE ALLIANCE OF AMERICAN INSURERS ARE A FEW OF THE BUSINESS. HEALTH AND ENVIRONMENTAL GROUPS ENDORSING THE NEED FOR MORE FEDERAL TRANSIT FUNDING.

TO DATE OVER 150 ORGANIZATIONS HAVE JOINED AMERICAS' COALITION FOR TRANSIT NOW IN THIS EFFORT.

ADEQUATE FUNDING IS A MAJOR COMPONENT IN THE

REPORT OF A TWO YEAR EFFORT MADE BY THE MEMBERSHIP OF APTA TO FORMULATE A PROGRAM FOR REAUTHORIZATION.

WHILE THE REPORT RECOMMENDS AN ELEVEN BILLION DOLLAR ANNUAL INVESTMENT AS OPTIMAL, THE CURRENT FISCAL SITUATION MAKES A LEVEL OF ABOUT SIX AND ONE HALF BILLION A YEAR ACHIEVABLE IN THE SHORT TERM. THAT AMOUNT WOULD RETURN US TO THE LEVEL AT WHICH WE WERE IN THE MID 1980'S.

IN FACT, HAD THE FEDERAL BUDGET JUST KEPT UP WITH THE INFLATION RATE DURING THE 1980'S, WE WOULD HAVE ACHIEVED THE 6.5 BILLION DOLLAR INVESTMENT IN PUBLIC TRANSIT WE NOW SEEK.

FOR THE CONSUMER, ONE OF THE MOST VISIBLE CHANGES WE SEEK IS TO MAKE EMPLOYER PROVIDED TRANSIT FARES MORE ATTRACTIVE. CURRENTLY, EMPLOYERS CAN PROVIDE TAX-FREE PARKING SPACES TO THEIR EMPLOYEES. IN NEW YORK CITY, WHERE A PARKING SPACE CAN RUN $550 DOLLARS A MONTH THAT TRANSLATES INTO A $6,600 DOLLAR NON-TAXED BENEFIT.

IF THE EMPLOYEE RIDES MASS TRANSIT, THE MAXIMUM

BENEFIT AN EMPLOYER CAN PROVIDE IS FIFTEEN DOLLARS FOR A TAX-FREE TRANSIT PASS. IF AN EMPLOYER EXCEEDS THAT AMOUNT, THE ENTIRE AMOUNT IS CONSIDERED A TAXABLE BENEFIT.

CLEARLY THAT TAX LAW IS UNFAIR, ECONOMICALLY DISCRIMINATORY, A DISINCENTIVE, AND MUST BE CHANGED. THE CODE SHOULD TREAT BOTH ITEMS EQUALLY. THE ADMINISTRATION HAS ENDORSED THIS AND WE WELCOME THEIR SUPPORT.

A FEW WEEKS AGO, THE PRESIDENT AND D.O.T. SECRETARY SKINNER PRESENTED THE ADMINISTRATIONS' PROPOSAL FOR THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION ACT. IT WAS A SAD WEEK FOR TRANSIT. IT IS REMARKABLE NOT ONLY FOR WHAT IT INCLUDES BUT FOR WHAT IT EXCLUDES.

THE PROPOSAL PROVIDES OVERALL GROWTH OF 2.2% IN FISCAL 1992, THEN NO INCREASE FOR THREE YEARS. ASSUMING INFLATION OF FIVE TO SIX PERCENT, TRANSIT FUNDING DROPS BY TWENTY PERCENT IN REAL TERMS OVER THE FIVE YEAR PERIOD.

ON THE OTHER HAND, THE FEDERAL BUDGET MAKES A

GENEROUS ALLOWANCE FOR AVIATION. IT GIVES THE FEDERAL AVIATION ADMINISTRATION OVER TWENTY DOLLARS PER AIR TRIP. WHILE MASS TRANSIT FUNDING COMES TO 29 CENTS PER RIDE.

THE BUDGET CONTINUES TO PROVIDE FOR THE BUILDING OF HIGHWAYS. HIGHWAY FUNDING IS UP 85% FROM TEN YEARS AGO AND IS EXPECTED TO GROW ANOTHER 39%, ACCORDING TO THE ADMINISTRATIONS' BILL.

ELIMINATION OF OPERATING ASSISTANCE AT A TIME WHEN STATE AND LOCAL GOVERNMENTS ARE BEING FORCED TO CUT THEIR SUPPORT IS REMARKABLE. WE ARE UNEQUIVOCABLY OPPOSED TO THE ELIMINATION OF OPERATING ASSISTANCE. THIS MONEY SHOULD BE ADDED BACK IN AND THE 1/2 CENT MASS TRANSIT PORTION OF THE GAS TAX IMPOSED LAST YEAR SHOULD BE MADE AVAILABLE IMMEDIATELY.

THE TRANSIT GRANT MATCHING SHARE DROPS BY 25%, WHILE THE ADMINISTRATION LEAVES THE SHARE OF MOST HIGHWAY PROGRAMS AT 75 TO 90 PERCENT. I EXPECT THIS MAY PUT SOME TRANSPORTATION PLANNERS IN A DILEMMA OVER WHETHER TO CHOOSE HIGHWAYS OVER TRANSIT.

PERHAPS THE BIGGEST PARADOX IS THE PROPOSAL TO PROVIDE FUNDING TO STATES BASED ON GAS USAGE. INSTEAD OF BEING REWARDED FOR SAVING FUEL. CONSERVATION ORIENTED STATES WILL BE PENALIZED. THE MORE GAS A STATE USES... THE MORE MONEY IT GETS TO BUILD ROADS... SO THEY CAN BURN MORE GAS.

WHILE THE PROGRAM PROVIDES THAT ONLY 30% OF A STATE'S HIGHWAY FUNDS CAN BE USED FOR TRANSIT PROJECTS. IT ALLOWS 100% OF A STATE'S TRANSIT FUNDS TO BE USED FOR HIGHWAY PROJECTS.

THE ADMINISTRATION'S PROPOSAL, ITS ENERGY STRATEGY AND PROPOSED ENVIRONMENTAL PROGRAMS HAVE A GREAT DEAL IN COMMON -- ALL OF THEM FAIL TO CONSTRUCT A COHESIVE PLAN FOR ACHIEVING THE GOALS OF EFFICIENT ENERGY USE, CLEAN AIR, AND IMPROVED MOBILITY THAT WILL RESULT IN IMPROVED ECONOMIC ACTIVITY; WE NEED A NEW NATIONAL COMMITMENT THAT WILL LOWER OUR NEED TO IMPORT FOREIGN OIL. NOT ONLY BY SEEKING ALTERNATE SOURCES OF OIL OR ENERGY BUT BY MAKING HARD CHOICES AND INVESTING IN OUR PUBLIC

INFRASTRUCTURE -- OUR PUBLIC TRANSIT SYSTEMS.

WE NEED COMMITMENT THAT WILL PUT US ON AN EQUAL FOOTING WITH OUR ECONOMIC COMPETITORS BEFORE THEY TRAVEL SO FAR AHEAD WE CANNOT CATCH UP.

WE NEED COMMITMENT THAT WILL ALLOW THE PRICE OF OIL TO RISE WITH INFLATION AND BE TAXED IN A MANNER THAT MAKES IT ABUNDANTLY CLEAR THAT FUEL IS NOT AN ABUNDANT RESOURCE.

BY DEALING WITH THESE ISSUES NOW WE CAN AVOID BOTH A CONTINUING CRISIS OF CONFIDENCE ON THE PART OF THE PUBLIC AND PASS ON TO THE NEXT GENERATION A MASS SYSTEMS THAT WILL MEET OUR CONTINUING NEEDS.

# # #

Mr. PETERSON. Thank you, Alan.

Just to review the format for everybody in the room, we are going to have two major addresses—one by Alan, which you just heard, and then by our next speaker. And then we'll have shorter comments from the other three members of the panel.

This should take up to 45 minutes to an hour. Then, we will have an hour available for questions and a give and take back and forth.

So, it should be fairly informal at that point.

Our next speaker is Dr. Michael Meyer.

Mike Meyer is known in the transportation industry for being a prolific writer and observer of the scene. He is currently a professor of civil engineering at the Georgia Institute of Technology. From 1983 to 1988, he was the director of Transportation Planning and Development for Massachusetts.

From 1978 to 1983, he was a professor of civil engineering at MIT. He's written over a hundred technical articles and coauthored a college textbook on transportation planning.

He's been active in numerous professional organizations and has chaired several committees relating to transportation planning, environmental impact analysis and transportation policy.

He has a BS degree in civil engineering from the University of Wisconsin, an MS degree from Northwestern University, and a Ph.D. degree from MIT.

Michael Meyer.

STATEMENT OF MICHAEL MEYER, PROFESSOR, GEORGIA INSTITUTE OF TECHNOLOGY

Mr. MEYER. Thank you very much, Neil. Certainly, it's an honor and a pleasure to be here this morning.

And I also would like to thank Senators Cranston and D'Amato for holding this very important symposium on an issue of such great importance to the Nation in our urban areas.

I've been asked to give my thoughts on how scarce Federal transit resources can best be used to deal with such national issues as air quality, congestion and energy conservation. The debate, however, on Federal transit legislation, I think, should be viewed as an opportunity to bring about constructive changes in the national transit program that will not only address these national issues, but that will also promote the development of a stable and productive transit industry to the year 2000, and beyond.

The perspective of this debate should also include as just one element of an urban area's transportation system, that is, especially transit programs, those funded with Federal funds must be considered in conjunction with other transportation investments, such as those for highways, airports, ports, intermodal transfer facilities and inner-city passenger terminals.

In my written statement, I spent a fair amount of time reviewing some of the studies that have been undertaken by APTA, by AASHTO, the National Council of Public Works Improvement, and others, summarizing what I consider to be some of the key observations that those studies make.

I will not repeat those here. Let me say that, in fact, any legislation, transit legislation, at the Federal level, I hope, will, in fact, be informed by those studies.

I find them to be absolutely excellent. APTA, for example, portrays a broadened role for the transit industry as being a manager of mobility, away from a specific transit focus but a manager of mobility in urban areas.

I think that is something that we need to be looking at very carefully. It includes such things as ride-sharing, demand management, as well as your traditional transit services.

AASHTO, in a study on future directions for public transportation, identifies several characteristics of a likely future scenario for public transportation in urban areas. Such things as demographic and land use changes will present new problems and opportunities for the industry. And a lot of background information was used to support that statement.

Alan, for you and other transit managers out there, I'm sure you would like to know that, in fact, AASHTO also concludes that transit managers will experience less political interference and have greater flexibility to run your systems.

So, you heard it first here from AASHTO.

Mr. KIEPPER. I hope they're right. [Laughter.]

Mr. MEYER. But, generally, these studies provide some very interesting background in terms of the characteristics that are important for transit in the future.

Each of them identifies key factors that will clearly influence the type and level of public transportation you will see in the 21st century.

Probably the most important theme, however, that runs through each of these studies is that the characteristics of the future public transportation systems are not so much a reflection of the social and economic environment, but of the willingness of public officials and the private sector to put in place the financing and complementary public policies, such as parking management, such as a level playing field for tax subsidies, as was mentioned earlier by Mayor Whitmire, such as growth management and other things that will be necessary to develop the public transportation system that is desired.

Now, before discussing how Federal transit resources could be targeted on issues of national concern, which was the mandate that I was given, I would like to identify four major characteristics of the environment of public transportation that I think should, in fact, help, guide or inform the development of such a Federal program.

Characteristic No. 1 is that decisions on transit investment and services are made by local officials. These officials are subject to pressures from constituents to implement actions that, from a standpoint of cost-effectiveness, might not be the most worthwhile but, in fact, are important to do politically.

Therefore, I would argue that any Federal participation in transit investments must necessarily be based on some form of unbiased evaluation. I'll come back to that particular issue when I have some comments further on, on the targeted analysis process.

Characteristic No. 2 is that the urban transportation market as we know it today and, certainly, as we will likely know it in the future, is becoming increasingly diverse with developers, employers, private service providers, nonprofit ride share, carpool corporations, transportation management organizations—all becoming very active in offering solutions to localized transportation problems.

Given continuing trends in suburban growth, I would argue that such diversity is likely to become even more important in the future. Thus, a Federal transit program should encourage a serious examination of all the means of providing public transportation services in an urban area.

Characteristic No. 3, the so-called external costs of transportation, i.e., congestion, air pollution, noise, are important and are becoming even more important in some areas of the country.

Decisions regarding transit investment and, in particular, decisions regarding Federal participation in such investment, must be made in the context of what impact the transit investment will have on such national concerns.

Such an approach also requires a better understanding of the cause and effect relationship between transit and such things as air quality and congestion.

Given my parochial hat as a professor, I would suggest that that's a very good area for research for universities, especially universities in the South and especially those in Georgia, and in Atlanta, in particular. [Laughter.]

Characteristic No. 4 is that many of the transit systems that have put in place facilities and services over the past several years are discovering that many of these facilities are now in need of massive rehabilitation.

I think one of the more thoughtful studies that has been done on this particular issue was done by AASHTO as part of its so-called 20/20 effort in which the AASHTO group volunteers looked at several scenarios of transit investment that would be necessary over the next 20–30 years to do certain things.

The first scenario they looked at was:

What level of funding would be necessary to simply maintain the existing physical system, retiring the backlog of required investments in fixed facilities and sustaining the fleet rail and bus vehicles at the current size and average age as it was at that point in 1988.

It was estimated by AASHTO that simply continuing the existing funding levels at that time would result in the average age of a bus vehicle in areas over 200,000 population increasing from 8.4 years to 12 years by the year 2000. And the optimum age of a bus is somewhere in the 6- or 7-year range.

Similarly, rail vehicle average age would reach 22 years, up from 17 years in 1989, where a so-called optimum age is 12.5 years.

It was estimated that by simply doing nothing more than, again, spending the money that was being spent at the time, that by the year 2020, nearly one-fourth of all rail trackage in the U.S. and nearly 60 percent of the bus maintenance and storage facilities would need repair and that deterioration of the physical plant would be even more dramatic in areas under 200,000 population.

The conclusion of that particular effort was very forceful and I think very strong and, again, I thought it was done on a very thoughtful basis. And it was that:

We need to provide additional resources if for no other reason than to maintain and rehabilitate the systems that we currently have.

So, my conclusion from that is that probably the most important challenge in the coming 10 years for transit agencies will be the rehabilitation of the existing system and replacement of the vehicle fleet.

Let me turn to some specific recommendations on how to obtain the most efficient use of scarce Federal transit resources.

I was told or asked specifically to give my thoughts on how to target, how to deal with issues of the national concern. My interpretation of that was: "Well, should we be looking at rail buses or how to deal with the transit program?"

However, I can't help but comment on some other issues that I suspect are the topics of this afternoon's panel. But, since I have the floor, I'm going to make some comments on them anyway. And those are going to relate to planning procedures that precede Federal investment, as well as some comments on the actual program distribution and allocation requirements from the Federal level.

First, targeted investments. The focus of Federal capital investments in the past has been on specific projects, like rail and high-occupancy vehicle facilities that are analyzed through what is called an alternatives analysis process.

The alternatives are considered on the basis of a priority corridor that is identified cooperatively between local officials and UMTA, with UMTA basically requiring one corridor at a time.

The current problem with this approach, in my opinion, is that many of the issues of national concern that have been discussed earlier are not corridor-specific; they are regional in nature, crossing jurisdictional boundaries and often having origins in areas far away from the actual impact area.

For example, congestion on the highway system must be linked to land use standards and network geometry that go beyond a simple corridor definition.

Similarly, regional air quality is viewed from the basis of an air base and then often goes geographically beyond metropolitan boundaries.

To truly deal with such issues from a Federal transit perspective I think necessarily requires a shift away from the corridor perspective.

Also importantly, I think it focuses attention on not only what transit can do for things like air quality, but what are the complementary policies that must be put in place to make transit work. Again, like parking policies and looking at land use.

Now, I think we can all agree that the primary benefits associated with transit investment will be the attraction of new transit riders. Traditionally, this has been what I have referred to as a mobility-focused objective. However, it seems likely that the other benefits of transit that have been referred to this morning, things like air quality improvement and energy conservation, are also to

the first approximation proportional to the number of new riders you're going to attract to a particular service or facility.

Therefore, I conclude that the primary Federal interest in funding transit investments in urban areas should be to maximize the level of transit ridership on the system. That means that a corridor level evaluation is probably not the most appropriate level of analysis for Federal investment decisions.

The key question is: What types of strategies in the metropolitan area will provide for the largest level of ridership on the system?

This might include investment in rail lines. This might include HOV facilities, high-occupancy vehicle facilities. This might include increases in bus operational services. Or, it might include subsidies to fares to keep them artificially—I shouldn't use that word—but to keep them low, to encourage more people out there to use the system.

In some areas, such strategies might simply be a massive rehabilitation effort to keep existing services viable and in place. This approach, of course, creates all sorts of challenges regarding how one evaluates options that have very different characteristics and possible outcomes.

Again, another area for possible research. Perhaps the closest example in the country that comes to something that I'm suggesting comes out of the San Francisco Bay area, where they have done what I would call a multicorridor, almost regional analysis, looking at the future transit needs in the region.

And they've come up with a plan that requires over $3 billion to implement. But, it consists of several different components, some of which there is a request for Federal funds, and some for which there are no requests for Federal funds.

My suspicion is that that type of approach, if you will, a programmatic approach, is a much more viable and realistic approach if, in fact, one is interested in things like regional air quality.

Let me take one step back and get away from the regional nature of these things and come down to the corridor level, which I think there is one perspective here that needs to be mentioned given what is being proposed by the Administration.

The DOT, as well as AASHTO and some others, have proposed that, on the Federal highway side, the Federal Highway Program, that there be something called A Highway System of National Significance, where roads would be defined by the function that they serve in the highway network or by the role they have in serving in truly Federal facilities like defense bases.

If Congress approves such a system, it seems to me that the urban component of that system, by definition, becomes a target of Federal funds or of Federal interest. In particular, a Federal interest in maintaining and enhancing that road's performance.

Federal transit investigations could be targeted on actions that provide congestion relief for these roads. I think such a linkage is a national progression from the modal separation that has characterized previous transportation funding history to a truly multimodal funding perspective.

In such an approach, high-capacity, high-speed facilities like rail lines, HOV facilities and their supporting actions, like park and ride lots and express bus services, become critical elements of a

congestion relief program if, in fact, it can be shown that substantial portions of the new ridership on these facilities will come from the congested facility.

Now, let me switch a little bit to planning procedures. As I've said before, and as others before me have said, alternatives analysis is the process that has been established by UMTA to look at cost-effective federal investment in transit.

I happen to think that the alternatives analysis process is a good process. Yes, it could be streamlined and, as Mayor Whitmire this morning mentioned, it's taken 4 years in Houston to get to a point where a decision is going to be made.

As a former highway official, I can mention to her that, in some cases in Massachusetts, it took 15 years to get a road out of the planning process. And it still wasn't even decided to go with it.

So, I think the nature of the beast in terms of, if you will, the so-called lumpiness of transportation facilities and their impact on things like the natural environment, lends itself to a fairly long process of examining what these impacts are.

I think, in fact, alternatives analysis could be a strong basis and is a strong basis for cost-effective decision-making. And, in fact, could be used if you used the evaluation criteria like air quality and congestion relief in that process to target Federal program investments to the types of things that you want to target on that.

I guess two other observations I would make in that context, or three other observations, and Alan has first-hand information on this in Houston:

One of the important characteristics of Federal investment or, in fact, the entire planning process that precedes transit investment, is its credibility. And, in many parts of the country, there are serious questions being raised about:

Are you really going to attract the ridership you say you're going to attract? Are the cost estimates really what you think the cost estimates are going to be?

Credibility is extremely important in any investment decisions such as this. I have participated in two so-called expert review panels or advisory boards, or whatever it is you want to call them, where, in essence, people who are, I guess, knowledgeable about certain things are asked to come in, in an advisory capacity, in essence, and say, yes, that assumption makes sense, or maybe you should look at this, or maybe you should look at that.

I happen to think that such a process is extremely important for the credibility of that program or of that process. And I strongly recommend that the establishment of a formal outside advisory process be used for all Federal transit investment decisions.

And I suspect that's going to cause all sorts of people heart palpitations and everything else. But I really think that it does provide a very useful exercise in most cases.

Next is the relationship again in the planning perspective, the relationship to other planning efforts.

As I have said previously, I think very strongly that transit investment must be considered in conjunction with other transportation and planning efforts in a metropolitan region. This means that planning efforts for improving air quality, for reducing congestion,

for enhancing mobility, for encouraging orderly economic growth, et cetera, should all be interrelated.

I think this necessarily suggests that the metropolitan planning organization should be expected to play a very important role in establishing a transit future for a region.

At a more subregional level, efforts to address one particular issue should not be divorced from the transit possibilities as well. The Administration's proposed transportation bill, with the system of national significance, is also suggesting that metropolitan areas and States should develop what are called congestion management plans for specific segments of the highway system of national significance.

Again, the logic behind this is that a highway that is nationally significant should operate at some acceptable performance level. It is imperative that the development of these plans, if, in fact, a proposal is approved by Congress, should include a clear examination of what role transit investment can play in achieving the congestion reduction goal.

The funding or some portion thereof for any transit proposal that surfaces from this examination could very well come and probably should come from the Highway Trust Fund in that the transit investment, just as traffic management schemes or highway capacity improvements are preserving the function of the nationally significant road.

Let me turn to my final area, which is funding arrangements.

First, equal ratios for transportation projects that serve similar purposes. As I've said previously, I think that it's clear that, in some circumstances, transit options should be considered along with highway options in achieving overall program objectives.

When such situations arise, such as in congestion management plans, the funding ratios for the alternatives under consideration should be the same so that funding bias does not enter into local consideration.

To some extent, this suggests in some cases that rather than having a system of national significance and, thus, a funding program based on project-specific considerations, what is more appropriate is the issue of national significance resulting in a funding program that is generic to the issue itself and which can be applied for all types of investments.

I certainly would also include in that area the Americans With Disabilities Act, which is requiring transit operators to retrofit and provide all sorts of facilities to make them accessible. If, in fact, that is defined as a national interest, then certainly funds should be provided for transportation officials to respond to that.

Federal matching ratios is another area. That is certainly one where there has been a great deal of attention and possibly controversy associated with it. One of the efforts at dealing to some extent with stretching, if you will, the Federal dollar, has been what's referred to as the overmatch initiative from the US DOT and, in particular, UMTA. The overmatch initiative was intended to offer incentives to local officials to provide a greater than local share for transit investments.

We happen to have a research project funded by UMTA looking at the overmatch initiative and looking at experiences around the country.

I think it's a fair statement to say, when we've concluded, that there is a very serious equity problem and that such a program is and can be unfair to those communities that are unable to afford additional local funds.

Thus, as many of the respondents to our survey have concluded, the rich get richer.

The equity issue is an important one and needs to be dealt with. Perhaps the overmatch criterion should receive less weight than other criteria in the Federal investment decision. Perhaps, it already does. I really don't know. Or, perhaps applicants should be classified in some manner by their ability to pay.

If, in fact, it is important, if you will, to stretch out Federal dollars and, as I will in my conclusion suggest, in fact, there is a need for additional Federal dollars, but if, in fact, it is important to stretch out Federal dollars, another way of accomplishing that objective is, in fact, to lower the current Federal matching ratio to some ratio lower than 75/25 or 80/20 and provide extra Federal moneys to those communities showing need, or which meet some national criterion, like air quality or some other issue.

In other words, it's looking at the issue from the other way.

Finally, program allocations. The Federal Mass Transportation Act of 1987 specified the amounts of Federal section 3 funds that would be available in fiscal years 1987 and 1991. Forty percent for rail modernization, 40 percent for new guideways and extensions, 10 percent replacement rehabilitation and purchase, and 10 percent allocated at the discretion of the Secretary.

I understand politically why those what I call artificial allocation guidelines are in there. However, I would suggest that if, in fact, you are really trying to provide flexibility at the local level and flexibility for dealing with issues like energy conservation and air quality, that it is better to allocate those funds on some stable, reliable basis and allow local officials to determine what is the most effective use, cost-effective use of those funds, tempered with a hold harmless clause for those systems currently having critical needs in the categorical programs mentioned earlier.

In summary, I think there is a strong need for Federal participation in transit and it needs to be encouraged. There are national concerns like air quality that justify a Federal role.

However, I think that the Federal program should be changed from its current structure. In particular, I think additional funds should be provided. In particular, those funds should be provided in a way where there is greater flexibility and use of those funds, and they should be provided in a way where there is a stable, predictable source of funding at the Federal level.

Importantly, the challenge of how it is financed should be the bridge to the opportunity to establish the 21st century.

On the way, Federal, State and local officials need to address long-term considerations of the role that transit should play in urban areas, the type of stable funding source necessary to support this role and the equitable allocation of those costs.

The Federal Government must play an important part in helping transit cross this bridge.

Thank you.

[The complete prepared statement of Michael D. Meyer follows:]

A Federal Transit Program: Getting to the Year 2000[1]

Statement Prepared for a National Symposium on the Future of Public Transit

United States Senate, Subcommittee on Housing and Urban Affairs

by

Michael D. Meyer

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and
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March 13, 1991

[1] Some of the thoughts in this paper are based on ideas developed by the author in a paper prepared for the Office of Technology Assessment in 1984 and in a chapter on the future of public transportation in a forthcoming book by Gray and Hoel, Public Transportation: Planning, Operations and Management, second edition.

"Let me tell you a story 'bout a man named Charlie
on a tragic and fateful day,
He put ten cents in his pocket, kissed his wife and
his family and he went to ride the MTA.

But did he ever return?
No, he never returned.
And his fate is still unlearned.
He may ride forever 'neath the streets of Boston
He's the man who never returned.

o
o
o

All you citizens of Boston don't you think it's a scandal
how the people have to pay and pay.
Fight the fare increase
vote for _____
And get Charlie off the MTA"

--The Kingston Trio

INTRODUCTION

Even in lyric, public transportation can be the object of public controversy. The Kingston Trio, in the tale of Charlie's fateful trip on Boston's MTA, describes transit service as inefficient, insensitive, and expensive. According to many of today's transportation experts, not much has changed in the 30 years that have passed since Charlie first stepped on that train. Their arguments are, primarily, that more and more Americans are using the automobile while fewer are using transit; that transit management has not responded adequately to changing economic, technological, and fiscal realities due to rigid organization structures and a lack of strategic perspective; that the private sector could provide better transportation services for less; and that political considerations have kept transit fares artificially low and some ineffective services in place while costs have skyrocketed. Although there are varying levels of truth in each of these assertions, they must be tempered by an understanding of what role transit is to

play in U.S. urban areas[2] and importantly how transit services relate to other major societal goals.

In this presentation, I will be discussing how scarce federal transit resources can best be used to deal with such national issues as congestion relief and improvement in air quality. The debate on federal transit legislation should be viewed as an opportunity to bring about constructive changes in the national transit program that will not only address these national issues, but that will also promote the development of a stable and productive transit program by the year 2000, or hopefully earlier. The perspective of this debate should also include transit's role as just one element of an urban area's transportation system. That is, transit programs (and especially those funded with federal funds) must be considered in conjunction with other transportation investments in highways, ports, airports, intermodal transfer facilities, and intercity passenger terminals.

PERSPECTIVES ON THE ROLE OF PUBLIC TRANSIT

Historians of transportation policy will most likely look at the period from 1985 to 1992 as a time when national transportation policy in the U.S. was the subject of intense examination and debate. Motivated mainly by the completion of the Interstate Highway program and trying to determine what should come next on the national transportation agenda, several leading transportation groups initiated national studies whose purpose was to assess likely "futures" for the transportation program and to recommend governmental action to prepare for these futures (see, for example, Transportation Research Board [1988]; American Association of State Highway and Transportation Officials [1989]; Highway Users Federation [1988]; American Public Transit Association [1989]; and U.S. Department of Transportation [1990]). Most of these efforts, in various levels of detail, discussed the potential roles of public transportation in the 21st century (in some cases the target year was the year 2000 and in others it was 2020). It thus becomes important as a point of departure for this discussion to look briefly at the major conclusions of the most relevant studies before identifying where federal transit resources would

[2] This paper focuses exclusively on urban public transportation. Clearly, there are important policy issues that relate as well to rural public transportation.

be most efficiently used. Three studies stand out as most important for this discussion--APTA's Transit 2000, AASHTO's Futures reports, and the final report of the National Council on Public Works Improvement.

APTA's Transit 2000

The American Public Transit Association (APTA) undertook a study which examined the trends affecting the future of public transportation and recommended specific actions that might be taken by the public transportation industry, government and private sector groups to provide a favorable future environment for public transportation [APTA, 1989]. In its report, APTA identified five major "forces" that were likely to affect public transportation in the coming decades. These "forces" and APTA's observations/conclusions relating to them are listed below:

Congestion and Auto Dominance

"Auto availability and use will continue to increase, but the cost, convenience and consequences of personal vehicle travel are likely to deteriorate significantly in more and more areas of the country, heightening the need for new options and strategies to enhance mobility."

"...the high rate of suburban growth is expected to continue into the next century....emerging development patterns require a broader range of public transportation solutions and related actions focused on capturing "choice" riders and serving the needs of particular consumers, geographic sub-areas and trip purposes."

Threats to the Environment

"Worsening air quality represents a growing crisis for the nation....It appears, therefore, any success in reducing air pollution will require strategies that seek to alter travel behavior, including efforts to increase ridership on transit and other high-occupancy modes."

Threats to Energy Independence

"As a nation, we now risk becoming more dependent on foreign sources of petroleum than at any time since the early 1970's....A coherent long-term energy policy must be put in place....Increasing ridership on transit and high-occupancy services will be an important element of this policy"

Inadequate Infrastructure Investment

"The trend of declining infrastructure investment, particularly in transportation and public transit remains a mounting threat to our economy and quality of life."

Demographic Change

"The number of persons over 65 will grow....the number of women in the work force will increase....minorities will account for nearly 60 percent of the population growth through the year 2000....By virtue of their sheer numbers, these segments of the population will require that increased attention be paid to their varying travel preferences and patterns, and that the availability of both traditional and non-traditional services be expanded."

Not surprisingly, APTA concludes that public transportation has an important role in dealing with the major forces likely to influence the future of transportation. However, the APTA report acknowledges that the transit industry itself might have to take several initiatives in achieving such a role. Table 1 lists six goals that the report argues are important in guiding the actions of the transit industry in future decades. Interestingly, APTA portrays a broadened role for the transit industry as being a manager of mobility in metropolitan areas, including involvement in those services such as ridesharing that have traditionally fallen outside the purview of the transit agency. As noted in the report, "elevating these new roles and the establishment of new relationships between the public and private sectors in managing mobility is a major direction for public transit agencies in the future."

AASHTO's Future Directions and Transportation 2020:

During the 1980's, the American Association of State Highway and Transportation Officials (AASHTO) undertook two efforts that examined the future of public transportation and resulted in extensive recommendations on future actions. The importance of these efforts is in great part a reflection of the fact that during the 1980's state departments of transportation surpassed the federal government as the major source of outside funding to transit agencies. State transportation agencies thus have, and will continue to have, a greater voice in the overall policies and funding arrangements for public transportation.

TABLE 1–TRANSIT INDUSTRY GOALS FOR THE FUTURE

Goal 1:

Preserve, protect and expand current markcts and choices available to current public transportation users;

Goal 2:

Pursue new markets, increased ridership and expanded market share by both traditional and innovative means;

Goal 3:

Seek increased investment in public transportation at all levels;

Goal 4;

Assume new responsibilities and forge new relationships in both the management of mobility as well as in the provision of public transportation services;

Goal 5:

Foster and participate in land use planning actions that more effectively integrate economic development and infrastructure investment decisions to er.hance the use of public transportation in its many forms; and

Goal 6:

Enhance public awareness and acceptance of the need for greater investment and new partnerships in preserving and enhancing mobility for all.

Source: American Public Transit Association, Transit 2000, 1989.

A Study on Future Directions: In 1985, AASHTO issued a report entitled A Study on Future Directions of Public Transportation in the United States [AASHTO, 1985]. As noted in the report's introduction, the study represented a national effort on the part of state transportation agencies to identify the important role that they could play in supporting public transportation, in cooperation with the federal government, the private sector, and local communities. Importantly, AASHTO, as did APTA, considered public transportation as consisting of more than one type of service. The AASHTO definition stated that public transportation was "not a single mode, but a mixture of modes (transit, ridesharing, and paratransit) each complementing the other and interacting to form a system for passenger mobility and a cost-effective group of services."

In looking at the different factors that could influence the future of public transportation, the report concluded that it was possible to envision one future scenario in which development of the public transit industry would likely continue. This future scenario would incorporate the following characteristics:

> "*Demographic and land use* changes will present new problems and opportunities for the industry.
>
> *Less federal funding* would create problems for some transit agencies. There will be a need to develop more stable funding sources with state and local governments, but it is unlikely that funds will be in adequate supply.
>
> *Transit managers* will experience less political interference and have greater flexibility to run their system. Part of the reason for this change will be the increased involvement by the private sector in the transit industry.
>
> *Cost consciousness* will be a key aspect of all transit system operations. Failure to control costs will lead to bankruptcy and the demise of various systems.
>
> *Professionalism* will take on new meaning in the industry as managers and governing boards recognize that survival, and expansion, are functions of better professional performance.
>
> *Moderate gains in technology* will be of value to the transit industry. Such gains are not likely to be spectacular breakthroughs, but more likely system innovations that develop over time.

> *Increased industry involvement* by all participants, leading to increased political involvement, seems likely to occur...."

The report concluded by presenting 61 recommendations to various groups which would necessarily be involved in the future of public transportation---the federal government, state governments, local governments, public transit operators, labor, private operators, the business community, transit users, and industry associations.

Transportation 2020: Several years after publishing the Future Directions report, AASHTO contributed a major "futures" report to the Transportation 2020 effort. As part of this effort, several groups were formed and positions/policies adopted on all aspects of a national transportation program, including future consideration for public transportation. AASHTO focussed on several components of possible futures for public transportation, but three areas received the most attention---future technological innovations, future institutional structures, and future financial needs.

Technology-- Primarily, the discussion of technology examined the question of whether one could anticipate any major breakthroughs in the technology of public transportation during the next several decades. In a paper written to provide the context for the discussion on technology, Harman [1988] outlined the major advances anticipated in the different forms of public transportation. These included:

> Buses: There will likely be production of a bus that has two methods of propulsion in one coach---a diesel engine for use on suburban streets and electric power for city streets and in tunnels. Some innovation can be expected in alternative forms of access to the vehicle, in particular for elderly and handicapped. Although there are some concepts currently being developed which would make the bus/road interface much more "intelligent" in terms of navigation and vehicle control, such programs are not likely to see widespread implementation in the early part of the 21st century.
>
> Heavy and Light Rail: The major source of innovation will likely come in the means of providing propulsion and in automatic system control.
>
> Commuter and Intercity Rail: There were possible major advances that could be anticipated in application of magnetic levitation technology and other forms of providing high-speed passenger transportation.

Automated Guideway: The technology for implementing automated guideway transit, group rapid transit, or personal rapid transit systems is already available. The key issue was now to find the appropriate applications.

Harman then suggested that perhaps the greatest technological innovations will come in the areas of transit user information systems, automatic vehicle monitoring, and in "revisiting" already tested applications such as high occupancy vehicle facilities.

Institutional Framework-- The institutional framework within which public transportation agencies operate will be an important factor for the future of the public transportation industry. In a discussion paper on the institutional environment of transit, AASHTO identified four major factors that could heavily influence the reformulation of institutional roles [AASHTO, 1988]. These included the impact of the current budget deficit on public transportation funding programs, the impact of new demands on the provision of public transportation service (e.g., specialized services for the elderly), the impact of private sector competition, and the impact of federal labor protection rules on the costs of providing service.

Finance-- Finally, the AASHTO 2020 effort gave considerable attention to the financing needs of the industry [AASHTO, 1989]. Three scenarios were used to develop expected capital costs of achieving different policy objectives. The first scenario involved maintaining the existing physical system, retiring the backlog of required investments in fixed facilities and sustaining the fleet of rail and bus vehicles at its current size and average age. It was estimated in the AASHTO effort that simply continuing existing funding levels ($2.09 billion annually in 1988) would result in the average age of a bus vehicle in areas over 200,000 population increasing from 8.4 years in 1989 to 12 years by the year 2000 (optimum bus life is 6 years). Similarly, rail vehicle average age would reach 22 years, up from 17 years in 1989 (optimum is 12.5 years). By the year 2020, nearly one-fourth of all rail trackage in the U.S. rail transit systems and nearly 60 percent of the bus maintenance and storage facilities would need repair. Deterioration of the physical plant would be even more dramatic in areas under 200,000 population.

The second scenario represented taking the necessary steps to reduce existing average ages of the fleet to the preferred average age. The immediate consequence to the transit industry of course would be to accelerate the replacement of the current fleet as compared to existing

policies. However, by so doing, a newer fleet could be expected to produce operating and maintenance savings that could be used to offset this increased cost.

The third scenario assumed that transit travel retained its current market share relative to highway travel in the future. Given an assumed annual increase of 2.14 percent (the same magnitude assumed for growth in highway travel), to keep its market share annual transit ridership would have to increase from about 8.8 billion annual riders in 1989 to about 11 billion by 2000 and to over 17 billion by 2020. This increase in demand would first fill up existing capacity reserves, but would then require capacity expansion. AASHTO estimated that over 14,000 new buses and 2,375 new rail vehicles would be needed to serve this demand. By 2020, this growth would require nearly doubling the current bus fleet and a 50 percent increase in the rail fleet.

Table 2 presents the average annual costs associated with each scenario. One of the major conclusions from this table is that substantial sums of money, more than is being allocated today, must be found just to keep the condition of the transit fleet at 1989 levels. Of special note is that Table 2 only presents capital cost estimates. AASHTO estimated that, between 1988 and 1991, operating costs for the 'maintain existing conditions' scenario would result in a $1 billion annual shortfall given 1988 financing outlays.

National Council on Public Works Improvement: In response to a general public concern on the state of the nation's infrastructure, Congress in 1984 created the National Council on Public Works Improvement. As part of its mandate, the Council undertook a study of mass transit facilities and services in the United States. [National Council on Public Works, 1987]. In reviewing the history of mass transit, especially during recent years, the study concluded that transit policies and programs had fallen short of their stated objectives and that it was the governmental structure of such policies/programs that was in itself primarily to blame. For example, the report concluded that the large federal discretionary capital element of the federal transit program had distorted local decision making toward capital-intensive transit systems and away from more cost effective approaches such as preferential bus facilities.

The report made several conclusions that are important for this discussion in that they provide another set of factors that could influence public transportation in the 21st century. These include:

TABLE 2–CAPITAL INVESTMENT ESTIMATES FOR ALTERNATIVE SCENARIOS

Capital Investment Estimates for Alternative Scenarios

Enhancements Urbanized Areas $ million (current)	Time Period				
	1988-1991	1992-2000	2001-2010	2011-2020	Total
Projected total capital funding	8,463	18,283	20,050	20,050	66,846
Estimated total capital costs to maintain status quo condition	15,200	27,041	22,217	22,860	87,318
Estimated total incremental investment to achieve ideal condition	1,792	2,688	——	——	4,480
Estimated total incremental investment to maintain market share	——	4,537	4,703	5,813	15,055

Source: Adapted from L. Wheeler, J. Vocna, and W. Leathi, "Financial Resource Needs of Public Transportation Systems," *Transportation Quarterly*, 43, no. 4 (October 1989).

"The monopoly operation of mass transit has led to a rather restricted set of organizational arrangements and service offerings, namely public ownership and operation of fixed route services using large buses and rail lines. The demography of urban areas has been evolving in ways which make it more and more difficult for conventional fixed route bus and rail services to serve the demand for trips. More flexible services using taxis, vans and minibuses could serve many of these new markets more effectively.

There are great difficulties in achieving rational combinations of mass transit, highway, and land use policies in U.S. cities because of the nature of existing institutional arrangements and because of extensive earmarking in transportation funding programs....the prospects for more integrated approaches to transportation and land use planning in U.S. cities do not look very good at the present time.

The institutional arrangements for transit in most U.S. cities direct all public financial assistance for transit to a single publicly-owned transit agency....alternative services and providers are often neglected, and many important related policy areas such as land use, roads and parking are addressed inadequately, if at all. The solution to this problem is to separate transit policy making from transit operations.

> ....further reforms of policies and programs are critical to future successes, because many of the advances to date have been gained at a very high financial cost and without addressing major institutional issues ...."

In underplaying the prospective impact of public transportation, the report concluded that "more realism will be needed in defining the aspirations of transit in the future, with the focus on what is achievable within the prevailing land use and transportation policy environment."

These three major efforts---from APTA, AASHTO, and the National Council on Public Works Improvement---provide different perspectives on the future prospects of public transportation. Each of them identify key factors that will clearly influence the type and level of public transportation service we will see in the 21st century. Probably the most important theme that runs through each study is that the characteristics of the future public transportation system are not so much a reflection of the social and economic environment, but of the willingness of public officials and the private sector to put in place the financing and complementary public policies (e.g., parking management) that will be necessary to develop the desired public transportation system.

There are three factors from the above studies that will, in particular, play a relatively greater role in influencing public transportation's future than others. They are:

> 1) The large costs of maintaining existing levels of transit service, and even larger costs for service expansion.
>
> 2) The continuing reliance of the American public on the private automobile for personal transportation; and
>
> 3) Low density development continuing to occur throughout our metropolitan areas (although there will also likely be some population and employment trends back toward higher densities in urban centers and suburban activity centers).

These factors suggest that it will be very difficult to provide appreciable levels of effective transit service in the growing suburbs of our metropolitan areas, at least with transit service as traditionally defined. Thus, it seems likely that the core of the future public transportation system will be similar to what we have today with some important differences. High capacity, line-haul transit service and local bus systems (where ridership permits) will still be the responsibility of a governmental agency. Cities will continue to explore alternative ways

of segregating high speed transit service from normal road traffic to allow transit to operate more effectively. Houston's regional transitway system and Seattle's regional HOV lane program are two examples of how this could be done. Others, like Los Angeles and Minneapolis-St. Paul are considering rail alternatives. However, there will be an important difference between past efforts and what will be done in the future. Because most of our metropolitan areas will no longer be dominated by a single downtown, but rather will consist of major activity centers dispersed throughout the region, planning for high capacity public transportation in the future will focus on, 1) how to connect regional commuter markets to all major metropolitan activity centers, and 2) how to interconnect the activity centers themselves. It is this latter issue, the interconnection of activity centers, that has recently received attention in numerous studies throughout the U.S. (e.g., Atlanta, Boston, Houston, and Seattle).

Let me now turn to the primary focus of this presentation--the future of the federal aid transit program.

THE FEDERAL AID TRANSIT PROGRAM: LINKING THE REAL WORLD WITH NATIONAL POLICY

The Federal Role

Since 1964, the federal government has spent over $50 billion on transit projects. The justification for this federal involvement has varied over the years. The most often heard justifications have included:

1. Public transportation can replace the need for massive urban freeway construction and thus eliminate community disruption.

2. Public transportation can meet national and local goals of improving air quality and reducing energy consumption by lessening automobile use.

3. Public transportation (especially fixed rail investment) is an important tool for guiding urban growth by encouraging development in areas of greater accessibility.

4. Public transportation provides mobility for those who do not have alternative means of travel, e.g., the elderly, handicapped, young, and poor.

5. Public transportation serves local economies by providing transportation to employees and customers of downtown businesses.

Each of these reasons for federal support has been at the forefront of policy debate at some point during the evolution of federal transportation policy. For example, public transportation as a substitute for the automobile was a dominant theme during the late 1960's when the construction of many urban highways was stopped because of community concern about neighborhood disruption and the quality of the urban environment. Public transportation as a means of achieving environmental goals has been popular since the 1970's when the environmental movement was most active and great concern was expressed about the air we breathe and the energy we consume. Public transportation to serve goals of economic development and equity became popular during the late 1970's when the Carter Administration launched its national urban policy.

Perhaps the most encompassing definition of the federal interest in public transportation is provided by the Congress itself. The House Committee Report that accompanied the passage of the Urban Mass Transportation Act of 1964 cited the following reasons for mass transit being a national concern:

> o The problems of mass transit are not only restricted to large cities or any particular area of the country.
>
> o Mass transportation needs have out-stripped the present resources of cities and states.
>
> o The continued economic vitality and growth of our urban areas, which are dependent on mass transportation, is essential to our national welfare.
>
> o Public transportation is not necessarily a local issue. A number of public transportation services spillover into local jurisdictions and across state lines.
>
> o Increased automobile traffic has contributed to increased police costs, cost in lives and property losses as a result of accidents.
>
> o An incalculable number of man-hours is lost due to commuting through traffic congestion.

The problem with justifications such as those presented above is that each (except in the case of mobility for the transportation disadvantaged) is tied to an underlying assumption about an impact of public transportation which has seldom been realized in modern times or, more importantly, which requires complementary government action to constrain automobile use or

to manage land development. Because of perceived adverse political impact, local governments were often unwilling to adopt such complementary policies as auto use restrictions, special assessment taxes, and congestion pricing. Although one does see in selected parts of the country like southern California a rising public perception that such actions will be required to achieve widely supported objectives. In addition, there was often an assumption that public transportation investment would achieve the desired objective primarily with public investment, often overlooking the role that developers, corporations, and private transportation companies could play.

Important Environmental Characteristics

Before discussing how federal transit resources could be targeted on issues of national concern, I would first like to identify four major characteristics of the public transportation environment that should guide the development of a targeted federal program:

1. Decisions on transit investment and service are made by local officials. These officials are subject to pressures from constituents to implement actions that, from the standpoint of cost-effectiveness, might not be worthwhile, but politically difficult to refuse. One suspects, for example, that those transit systems required by state and local laws to cover a certain percentage of their operating costs have been able to exercise greater discipline on these types of decisions. This characteristic of the decision making process leads to a strong conclusion that the federal participation in transit investments must be based on as unbiased an evaluation as possible.

2. The urban transportation market has become increasingly diverse with developers, employers, private service providers, rideshare/carpool corporations, and transportation management organizations becoming more active in offering solutions to localized transportation problems. Given continuing trends in suburban growth, such diversity is likely to become a predominant characteristic of the future urban transportation market. Thus, there may be a greater matching of services to markets and a corresponding enhancement of the role of the private sector in commute transportation. A federal transit program should encourage a serious examination of alternative means of providing public transportation services in an urban area. At the very least, it should not discourage the provision of such service by private enterprises.

3. The "external costs" of transportation, i.e., congestion, air pollution, noise, etc., are important (and in some regions of the country the most important) issues facing state and local

decision makers. Decisions regarding transit investment, and in particular decisions regarding federal participation in such investment, must be made in the context of what impact the transit investment will have on such national concerns. Such an approach also requires a better understanding of the cause-effect relationship between transit and such things as air quality and congestion relief.

4. Many transit systems have put in place facilities and services over the past 20 years that are now coming to a period of needed rehabilitation. Many of the older rail systems in the country are now finding that portions of the basic infrastructure (e.g., rail and bridges) are now reaching the end of their useful lives. Probably the most important challenge in the coming ten years will be the rehabilitation of the existing system and replacement of the vehicle fleet.

These characteristics have important implications for the framework of a new federal transit program. First, given the importance of political criteria in local decision making, the availability of federal aid should not overly influence their decision-making process (e.g., new vehicle acquisition vs maintenance of existing vehicles or building fixed rail vs bus systems). Second, a federal program should provide incentives for transit services to undertake the risky, but potentially dramatic, changes that might be necessary to position the agency for the transit environment 10 years hence. Third, a federal transit program should include an incentive structure for public and private organizations to encourage more effective use of mass transportation services. For the public sector, this might include additional funding to those systems showing dramatic improvement in productivity. For the private sector, this might include tax incentives to employers who subsidize transit passes. Finally, a federal transit program should be clearly tied to a statement of national purposes. Such a linkage is necessary to determine the appropriateness of federal participation in local action.

Recommendations

Let me now turn to some specific recommendations on how to obtain the most efficient use of scarce federal transit resources are described below. The first section discusses the most appropriate use of such resources to best cope with increasing congestion and pollution, the primary charge I was given. However, I cannot help but comment on two other areas that definitely affect the use of federal transit resources, but which probably overlap with the symposium's second panel. These comments relate to the planning procedures that precede

federal decision making and changes in the federal funding of transit investments that will enhance the "efficiency" in the utilization of federal resources.

Targeted Investments

The focus of federal capital investments has been on specific projects like rail or high occupancy vehicle (HOV) facilities that are analyzed through the Alternatives Analysis process. The alternatives considered are those that are specific to the priority corridor identified during the process, with UMTA requiring only one corridor at a time be evaluated. The problem with this approach is that many of the issues of concern warranting federal attention are not corridor-specific. They are regional in nature, crossing jurisdictional boundaries and often having origins in areas far away from the actual impact area. For example, congestion of the highway system can often be linked to land use patterns and network geometry that go beyond a simple corridor definition. Similarly, regional air quality is viewed from the basis of an air basin that often geographically goes beyond metropolitan boundaries. To truly deal with such issues from a federal transit perspective, I think, necessarily requires a shift away from a project perspective. In addition, the regional nature of these issues also places an important emphasis on complementary policies such as parking management and land use that will have an important supporting role.

Proponents of transit investment argue that transit improvements will reduce energy consumption, improve air quality, reduce congestion, enhance mobility, and provide for greater land densities. Unfortunately, the evidence of transit's impact, by itself, on each of these is not strong. For example, a recent review of transit's role in improving air quality in four major U.S. cities concluded that "attempts to quantify mass transit benefits are inconclusive at best...transit is generally argued to be beneficial to air quality, but the effects or benefits are not estimated or considered too difficult to incorporate into regional air quality modeling." [Smith, 1991] Recent estimates of air quality impacts of proposed or existing rail investments in Atlanta, Houston, Miami, Portland, and San Diego concluded that "rail systems have not had a major impact on these areas."

I think we can all agree that the primary benefits associated with transit investment will be the attraction of new transit riders. This has been primarily a mobility-focussed objective.

However, it seems likely that the other indirect benefits of transit, like air quality improvement and energy conservation, are proportional to the level of new transit ridership. Therefore, the primary federal interest in funding transit investments in urban areas should be to maximize the level of transit ridership on the system. This means that a corridor-level evaluation is probably not the most appropriate level of analysis for federal investment decisions. The key question is what types of strategies in a metropolitan area will provide for the largest level of ridership on the system? This might include investment in rail lines, HOV facilities, bus services, or even subsidies that keep fares at a level that encourages greater ridership. In some areas, such strategies might include a massive rehabilitation effort to keep existing services viable. This approach, of course, creates all sorts of challenges (problems?) regarding how one evaluates options that have very different characteristics and possible outcomes.

Perhaps the closest (although policies such as fare subsidies did not seem to be considered) approach to such an analysis was undertaken recently in the Bay area. The Bay area has adopted a wide-ranging transit investment plan that is designed to take the region into the 21st century. The plan requires over $3.3 billion to implement and consists of six major projects, including an extension of BART to the San Francisco airport, extension of BART lines in three other directions, extending a commuter rail line closer to downtown, and extending a light rail line in Santa Clara County. Importantly, the specific components of the transit package have different levels of federal financial participation, ranging from 0% to 75% with the overall federal share in the vicinity of 30%. The local funding for this program has been adopted by the Metropolitan Transportation Commission in a resolution spelling out the specific funding mechanisms that will be used. This programmatic approach to transit investment, I think, is a much better way to proceed than the corridor-level focus of Alternatives Analysis.

There is one other perspective on the most efficient use of federal funds that needs to be discussed. The Bush Administration and the American Association of State Highway and Transportation Officials have proposed that the federal highway program be refocussed on a Highway System of National Significance, roads defined by the function they serve in the highway network or by their role in truly federal activities (e.g., access to defense bases). If Congress approves such a System, it seems to me that the urban component of the System becomes, by definition, the target of federal interest in maintaining or enhancing facility

performance. Therefore, federal transit investment could be targeted (and even funded partially or in full with Highway Trust Fund dollars) on actions that provide congestion relief for these roads. Such a linkage is a natural progression from the modal separation characterizing previous transportation funding efforts to a truly multimodal funding perspective. If it can be shown that a substantial portion of the new ridership will come from the congested facility, high capacity, high speed facilities such as rail lines, HOV facilities, and their supporting actions (i.e. park and ride lots and express bus services) can become critical elements of a congestion relief program.

Planning Procedures

The primary purpose of planning is to inform decision makers of the characteristics and consequences of the options being considered. There are several recommendations that relate to effective planning.

Alternatives Analysis--UMTA's Alternatives Analysis process has been established to provide this information to both local and federal officials. Unfortunately, many decisions regarding federal funding for transit investments are often made through Congressional earmarking of funds even before an alternatives analysis has been completed. [Urban Mass Transportation Administration, 1990] By adopting such an approach to transit investment, Congress is essentially increasing the number of projects that will qualify for federal funding and thus extending the limited amount of federally available funds for rail investment beyond current budget cycles. The Alternatives Analysis process is not a bad planning procedure and, if combined with evaluation measures that related to the national interest in transit investment (such as air quality improvement or congestion reduction), it could provide a strong basis for federal cost effective decision making. It could also quite possibly encourage a more "directed" federal program of transit investment that would make most advantage of limited federal resources.

Outside Evaluators-- Two of the most controversial parts of the Alternatives Analysis process the estimation of projected ridership figures and cost estimates. (See, for example, Pickrell [1989] and Kain [1990]). The benefits that accrue from a transit investment can be directly related to ridership estimates, whether it be congestion relief or as a surrogate for possible reductions in vehicle emissions. Costs obviously are important in any determination of what investment is necessary to achieve these levels of benefits. Thus, great care must be

given to these estimates in that they provide the fundamental basis for determining the effectiveness of the investment. Because of the characteristics of the local decision making process, it becomes important that these estimates be made believable and understandable to local decision makers. I have participated in two "expert review" panels charged with providing guidance to state/local officials on ridership and cost estimates. My current participation in Seattle was instigated by the state legislature that wanted some assurance from a panel of knowledgeable people that the underlying assumptions and planning procedures that are currently being applied by Seattle Metro in examining future transit system options were reasonable. Because I believe credibility in the planning process is extremely important for such important investments, I strongly recommend the establishment of a formal outside advisory process for all federal transit investment decisions.

Financial Planning--A recent study of UMTA's Overmatch Initiative concluded that many transit agencies do not have a formal financial planning process in place that permits an examination of the financial capability to operate a facility once it is in service.[Meyer, et al, 1990] Federal funds should be contingent on the existence of a formal financial financial planning process or a financial capability.

Relationship to Other Planning Efforts--Previous sections of this paper have stated repeatedly that transit investment must be considered in conjunction with transportation and other planning efforts in a metropolitan region. This means that planning efforts for improving air quality, for reducing congestion, for enhancing mobility, for encouraging orderly economic growth, etc. should be all interrelated. This suggests that the metropolitan planning organization should be expected to play an important role in establishing the transit future for a region. At a more subregional level, efforts to address a particular issue should not be divorced from transit possibilities. For example, the Administration's proposed transportation bill will require metropolitan areas and states to develop Congestion Management Plans for segments of the Highway System of National Significance that show high levels of congestion. The logic behind this effort is that highways that are nationally significant (as defined mainly by the function it serves within the highway system) should operate at an acceptable performance level. It is imperative that the development of these Plans (if this proposal is adopted by Congress) should include a clear examination of the role transit investment can play in reducing congestion. Just

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as traffic management schemes or highway capacity improvements are preserving the function of nationally significant roads, so too could transit investments. Therefore, the funding (or some portion thereof) for any transit proposal that is recommended by this examination could very well come from the Highway Trust Fund.

Funding Arrangements

Clearly the most controversial recommendations regarding the most effective use of federal resources relate to funding requirements and changes in the existing program requirements. Many of the following recommendations are based on a research project conducted for UMTA which examined the local transit response to its Overmatch Initiative. [Meyer, et al, 1990] Other researchers, however, have come to similar conclusions, so the basis for the following statements is more wide spread than this one project.

Equal Ratios for Transportation Projects that Serve Similar Purposes: As noted above, I think it is clear that in some circumstances transit options should be considered along with highway options in achieving overall program objectives. When such situations arise, such as in the previously mentioned Congestion Management Plans, the funding ratios for the alternatives under consideration should be the same so that funding bias does not enter into local consideration. This suggests, in some cases, that rather than having a system of national significance and thus a funding program based on project-specific considerations, it would be more appropriate to develop a policy concern or issue of national significance. Such a change in focus would result in a funding program that is generic to the issue itself and applicable to all types of investments. Another area where an "issue" perspective is appropriate is the required transit investment in response to the American With Disabilities Act.

Federal Matching Ratios: The level of federal funding associated with a local investment is an important factor in local decision making regarding the scope and type of investment to make. Interestingly, little research has been done on the exact nature of this influence and in particular what would happen if changes were to occur in matching ratios. One of the few articles that discusses this topic examined the efficiency with which federal categorical or conditional grants-in-aid achieved their objectives. [Bezdek and Jones, 1988] They point out that such a question is an important one given that, as of 1988, there were over 400 federal categorical grant

programs with about 60 percent of them involving some form of local match. The authors concluded that in the target program areas, state and local governments spent substantially larger sums than the levels required to qualify for federal funding. This suggested to the authors that open-ended federal grants, with local share requirements that matched local desires for obtaining federal funds, would provide a greater stimulus for state and local governments to spend funds in target areas, while providing the federal government with extra resources to fund projects in other parts of the country.

The UMTA Overmatch Initiative, of course, was intended to offer incentives to local officials to provide a greater-than-local share for transit projects. The scant literature that has addressed this type of intergovernmental program management seems fairly clear on the benefits (from a national perspective) of allowing local applicants to propose a greater local share for specific proposals. Not only does this allow federal funds to be leveraged against more projects, it encourages communities to provide a closer representation of what they are willing to pay for a service. It also forces a consensus at the local level that this proposal should be pursued by the community. However, there is a serious equity problem in that such a program can be unfair to those communities unable to provide additional local funds. Thus, as many survey respondents in the Overmatch research project stated, "the rich get richer". This equity issue is a serious one and needs to be dealt with. The overmatch criterion in UMTA evaluations is clearly an important one, but either it should receive less weight than other criteria (which it might have already), or applicants should be classified in some manner by their ability to pay. In the latter case, an index could be developed for each applicant community which would examine economic growth, tax base, future population/employment figures, etc. If it is determined that a community is in a strong growth or healthy climate, the overmatch criterion would be given greater consideration. Those communities that fit into the other category would not have overmatch as a criterion in the funding decision.

If it is desired to "stretch" the federal transit dollars, another way of accomplishing this is to lower the current federal matching ratio from 80-20 to 60-40 (or even 50-50) and provide extra federal monies to those communities showing need or having met some national criterion (for example, part of an air quality plan). Some form of financial capability indices could be used to determine the "need" of project proponents. Clearly, such a change could not be

retroactively applied to those agencies currently having a full funding agreement with UMTA. However, new agreements could have such threshold levels.

Program Allocations--The federal program necessarily must have flexibility built into the program allocation that will allow maximum benefit. In particular, the Federal Mass Transportation Act of 1987 specified the amounts of federal Section 3 funds that would be available in fiscal years 1987 to 1991 for specific types of projects--40 percent for rail modernization, 40 percent for new guideways and extensions, 10 percent for replacement, rehabilitation, and purchase of buses, and 10 percent allocated at the discretion of the Secretary of Transportation. Such an artificial allocation of resources does not allow for the most effective use of federal funds. A more appropriate approach would be to allocate federal funds on the basis of a formula and allow local officials to determine the most cost effective use of these funds, this approach tempered, of course, with a "hold harmless" program for those systems currently having critical needs in the categorical programs listed above.

SUMMARY

When Charlie first entered the MTA station the world was much different than it is now. In particular, the changing structure of cities, a different role for central business districts, and rapid technological advances have all created dramatic changes in our society. Still, the transit system that Charlie rode all those years has not changed that much. A healthy future for transit will require new, and perhaps in the eyes of some people, radical changes in the way we view public transportation.

Strong federal participation in transit is necessary and should be encouraged. There are national concerns that justify a federal role. However, the federal program should be changed from its current structure. Additional funds are needed, with greater stability/predictability and enhanced flexibility on their use. Whereas early federal subsidies were designed to preserve and maintain urban transit services, the transit industry now needs incentives to reassess its service structure and the organizational framework for providing service. Jones has best described the importance of a federal role in creating these incentives [Jones, 1985]:

> "In the absence of fundamental change, gradual economic attrition will characterize the industry's future--as it has its past. This is an unhappy but realistic prognosis. It is a prognosis that argues for a carefully crafted federal initiative which creates incentive for change--while sharing its risk and buffering its impact. To date, federal transit policy has emphasized the preservation rather than the reorganization of service. Preservation without reorganization is insufficient. For transit, change is the essence of stabilization."

Instead of viewing it as a major problem, the task of changing how transit is financed should be approached as an opportunity for the industry to establish a bridge to the 21st century. Along the way, federal, state, and local officials need to address long-term considerations of the role that transit should play in an urban area, the type of stable funding source necessary to support this role, and the equitable allocation of costs. The federal government must play an important part in helping transit cross this bridge.

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Mr. PETERSON. Thanks very much, Mike.

We will now start our respondents. Our first speaker will be Francis Francois.

Frank became executive director of AASHTO in 1980. He also serves as an ex-officio member of the executive committees of the Transportation Research Board, and the Strategic Highway Research Program.

Before joining AASHTO, Frank was a member of the County Council of Prince George's County, MD, an elected position in which he worked closely on transportation, public works, environmental and community development issues.

During his 18 years as a county official, Frank served as president of the National Association of Counties, NACO, from 1979 to 1980, and also president of NARC, National Association of Regional Councils in 1972 and 1973.

He has served on a number of regional, State and national committees concerned with Federal, State and local government issues.

Frank is a significant force here in terms of public interest groups. And, on the Hill, dealing with transportation issues.

Frank Francois.

STATEMENT OF FRANCIS FRANCOIS, EXECUTIVE DIRECTOR, AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS, AASHTO

Mr. FRANCOIS. Thank you very much, Neil. I'm very pleased to be with you today and to respond on this panel to the fine comments of both Michael Meyer and Alan Kiepper.

I have presented a written statement. I will not go through all of that with you. It is obviously available. In it, I note that AASHTO has also given to the committee a set of our policies on the future of transit which are based on reports that we have turned out within AASHTO.

Mike Meyer was kind enough to refer to both of them. One is a 1985 report, Study on the Future Directions of Public Transportation in the United States.

A second is a 1989 report, New Transportation Concepts for a New Century.

Basically, AASHTO shares the belief of our two earlier speakers that our transportation needs can only be resolved by a combination of transportation modes appropriate to the needs of the State and its local areas.

If we are to meet our mobility needs, we must think in an intermodal manner and coordinate all elements of our surface transportation system.

If we are to effectively relieve congestion, we need to utilize a balanced transportation approach that includes an appropriate mix of highways and transit and a thoughtful application of systems management technologies and demand management concepts.

To achieve this, we will need more effective intergovernmental planning, planning that will take into account both energy and the environment and which involves State and local governments, regional planning organizations and transit agencies.

I would agree with Mike Meyer that we must go beyond thinking about corridors. We need to think about all the issues in the metropolitan area and the relations among and between the different modes with air quality, energy and other factors.

Mike has given us a long list of tools that can be used and each of those needs to be examined in every metropolitan area.

We need to recognize that there is a diversity of approaches that can be used in different urban settings and we need to be equipped to use those. We need to break down the concept of thinking only highways, thinking only transit, thinking only carpool, thinking only bus, thinking only rail and, instead, look comprehensively.

AASHTO also agrees with these speakers that there is clearly a Federal transit role in solving our Nation's people-moving problems. That role includes establishing national goals and objectives, encouraging the kind of urban planning process that will address the issues raised here, supporting an enlarged transit research program and providing Federal funding where appropriate to supplement the fare box and the funds being given to transit by State and local government.

I would have to note that the Stat role in public transit has continued to grow over the past 10 years, as is documented annually by AASHTO in its Survey of State Involvement in Transit, another one of our reports in this area.

The 1990 report, which I have in my hand, summarizes that State support for transit has now reached a level of $4.8 billion per year, which is greater than the Federal level. The States and the local governments have clearly been carrying the lion's share of transit funding, especially over this last 10 years.

AASHTO believes that Federal support must now increase from its current levels, if we hope to address this national need.

In his paper, Mike Meyer has made a number of important observations which we would share with him. As I've said, AASHTO agrees with him that Federal participation in transit is necessary and should be encouraged.

We believe that, if transit is to be effective, we must work to assure that it is both reliable and efficient. This is a basic thrust of AASHTO's policy.

We will not get people to ride transit if the schedules aren't kept; they will not ride vehicles that are not clean and that break down. We must have much greater attention to the mechanics of operating the transit system, especially maintaining equipment and replacing it on a reasonable time schedule.

As Mike has outlined, this is one of the thrusts of AASHTO's program.

As a level of service at the very least, AASHTO believes that we need to assure that transit can keep on carrying its present modal share, which we, again, take account of in the funding program that we have offered.

Now, we believe that transit is clearly of vital importance in meeting our national transportation objectives as well as our energy and environmental goals. We support a transportation program that will look intermodally and examine both highways and transit from the standpoint of the service they can provide to move

people, and changes in the organizational framework that will provide more effective and efficient people transportation.

I might offer a few comments on the Administration's act before leaving, if I might, Mr. Chairman.

We believe that the administration's proposed Surface Transportation Act is an important bill for many reasons.

First, it does provide a timely vehicle for analyzing the reauthorization issues. We all have something to react with or against, as the case might be.

We have some concerns about the bill, but we are pleased that the Administration has taken an important step in getting the discussions moving.

We support the Administration's proposal to essentially retain the current structure of the transit program. Further, we support some of the new initiatives of the bill, such as increased dedicated funding for transit research. We think this is very important.

We support increased use of the funds in the mass transit account funds, although not at the expense of general funds.

We also support a 5-year reauthorization bill and the need to make funding more stable and predictable for State and local agencies.

We also have some concerns. The first of those, that we believe that the flat funding level of approximately $3.3 billion is inadequate. And if inflation is considered, results in a decrease in transit funding during the latter years of the reauthorization.

After a large amount of analysis, examining future needs for all modes of transportation, AASHTO has recommended funding for transit be increased to $4.3 billion in 1992, rising incrementally to $5.8 billion in 1995, including both capital and operating subsidies.

This will just allow us to maintain our existing services with some improvement. It will not give us a large growth factor.

Second, we oppose the elimination of operating assistance for areas over 1 million in population. We believe that this proposal will force many transit systems to increase fares, which may reduce ridership. This seems to contradict the Federal initiatives in the Clean Air Act Amendments last year, which require State and local areas to take actions to reduce pollution.

Third, we oppose the reduced Federal share for transit included in the bill. Many State and local governments have been doing their share, as I've outlined, to increase funding for transit. We believe that the resources of most State and local governments for transit are already stretched, in part, because of the transfer of funding responsibility from the Federal level that has occurred since 1981.

It is not reasonable to expect these jurisdictions to double their matching share in order to receive Federal transit funds.

Fourth, we oppose the elimination of general fund support for direct. The agreement reached under the mass transit funding of 1982 is that general funds would be retained for operating purposes and certain other transit purposes, and that mass transit account funds would be used for capital projects.

General funds are an integral part of the Federal mass transit program and should be retained.

With respect to funding transit entirely out of mass transit account of the Highway Trust Fund, all indications are that this will be a diminishing resource.

If efforts to increase the use of transit and the number of fuel miles work, emphasis on Clean Air legislation, with emphasis on alternate fuels and less automobile miles will serve to reduce the amount of—in the mass transit account as the highway account.

For this reason alone, reason calls for a general fund support for transit.

Mr. Chairman, we appreciate this opportunity.

Thank you.

Mr. PETERSON. Our next speaker is John Holtzclaw.

Dr. Holtzclaw received his Ph.D. in Urban Sociology in 1972. He has done a variety of studies modeling and projecting growth and the environmental and social impacts of that growth on land use, housing and employment, as well as transportation in the Bay Area, in particular.

For an example, he analyzed for the National Resources Defense Council the reduction in residence driving that results from increases in residential and commercial densities. He's lobbied for the Sierra Club, Common Cause and others.

In 1977, John organized and conducted a technical analysis for the Federal, State, regional and local impact documents on legislator actions.

He has led the Sierra Club efforts as chairman of the San Francisco Bay Area Chapter, its Political Action Committee and National Urban Environmental Committee, as well as the San Francisco group, Conservation.

He's a voting member of the Association of Bay Area Governments Regional Planning Committee and the Bay Area Air Quality Management District's Advisory Committee.

John Holtzclaw.

STATEMENT OF JOHN HOLTZCLAW, SIERRA CLUB

Mr. HOLTZCLAW. Thank you very much, Neil.

And I thank Senators Cranston and D'Amato for holding this session.

I enjoyed the words, the information from Alan and Mike very much and I appreciate the opportunity to respond to them. I want to give you some illustrations to illuminate some of the things they have said.

Look at our major economic competitors in this country. Urban Americans drive four times as much per capita as urban Europeans, ten times as much as the residents of Tokyo, Singapore, and Hong Kong. And we're trying to compete with these people.

We have huge expenditures for transportation in this country. Forty percent of our total energy is consumed in transportation. Almost two-thirds of our petroleum is consumed in transportation. Eighteen percent of our total GNP is consumed in transportation.

That, in 1985, amounted to about $700 billion a year. It's probably closer to a cool trillion dollars a year now.

If the Europeans, because of their transportation efficiency, save only one-third of that 18 percent of GNP that we spend on trans-

portation, that's a 6-percent edge on us, a 6-percent lower cost of living, a 6-percent lower cost of production.

So, economically, there is a very strong reason for us to try to reverse that trend, to become more economically efficient through reform of our transportation system. That's something that should appeal to urban residents as well as rural residents because this country's economic vitality is something that they all have to respond to.

Why are Europeans and Asians so much more efficient in their use of transportation than we are?

Let me describe the study that Neil referred to in the San Francisco Bay Area for the National Resources Defense Council.

It was funded by the California Energy Commission, which is somewhat concerned about how much energy we consume in transportation and what that does to the State of California.

I looked at five communities in the Bay Area that vary across a broad range of density and transit use. The most dense community was Northeast San Francisco—Russian Hill, Nob Hill, Chinatown, North Beach—that area.

And that area is well-served with transit—trolley buses, regular buses, ferries, BART. All are very easily accessible there.

The least dense community was Danville, San Ramon, which neighbors Walnut Creek, which has BART, but has about one bus every half hour taking people up to BART. And that's about it for transit.

Well, the people in Danville-San Ramone consume 31 times as much land for every house as the people in northeast San Francisco, and that land was mostly agricultural land, open spaces, hillsides, and so on, before it was developed.

And we, the Sierra Club, are very concerned about preserving that kind of open space. If they used the most efficient, the best agricultural land, prime lands for residential development, then we have to start watering our deserts to grow those crops. And that's what we're doing in California.

And as you know now, Mother Nature is not cooperating too well with that enterprise.

When you look at the accessibility to jobs, restaurants, markets and things like that, the people in northeast San Francisco have 200 times as many markets and restaurants within walking distance as the people of Danville-San Ramone—200 times as many.

As a result, the people in Danville-San Ramone own three times as many cars per person and drive three times as far.

In general, as you double the density, you decrease driving by about 30 percent. Because of the increased convenience of the density, the mixture of residents with neighborhood businesses in San Francisco, and because of the better transit service, comparing San Francisco with Danville-San Ramone illustrated another advantage that we never take credit for when we fund transit.

That is, for every mile that the people in San Francisco ride on transit, they don't drive eight miles, compared to Danville-San Ramone. They don't drive eight miles because their destinations are much closer. They don't have to go near as far; they can walk to more of them.

And, when they do drive, they don't have to drive as far.

Comparing two recently developing suburbs, Walnut Creek, which has had a BART for 13 years, when this data, to Danville-San Ramone, for every mile that a resident of Walnut Creek rode on transit, compared to Danville-San Ramone, they did not drive four miles.

So, a little over a decade of BART serving Walnut Creek has resulted in enough densification, enough convenience increase that it reduces the driving by four miles for every mile ridden on transit.

How did we develop these wasteful housing patterns?

Traditionally, this country has had an unlimited supply of land. Unfortunately, a lot of that was prime ag land and we've used up a lot of that. And we never developed the ethic of preserving the lands outside our cities, preserving the farms, developing higher density.

Since World War II, the housing policies in this land, the zoning policies, have encouraged separation of housing and development of housing density from the shopping areas. Not only separated them but, in many cases, you can't get to shopping areas except through one or two entrances and you have to drive on the freeway to get there.

The housing policies in this country since World War II—VA, FHA loan policies—have encouraged single-family development. Presumably, we don't have redlining any more, which just say certain areas of the cities will not get those moneys. Presumably, that's in the past.

But, still, the policies encourage loans to people who want to buy single-family dwellings.

Then, finally, we've had tremendous subsidies for motor vehicle use, which were referred to earlier. The subsidies include the cost of building and repairing roads that aren't paid for with the trust fund. The cost of highway safety, the air pollution cost, the part of it—the 40–50 percent that's due to motor vehicles, the health costs, time lost from work. If the cost of agricultural loss is due to air pollution, the cost of building deterioration due to air pollution was all allocated to motor vehicle use and the driver paid for that when they used their motor vehicles. There would be tremendous incentives not to drive as much.

Free parking. We know we don't get free parking. We pay for it in other ways. But, when we drive some place far in a car where we get free parking, then we're being subsidized to drive.

You add all that up and it comes to something like $4.50 for every gallon of gas we put in our cars, at least that much in subsidies, to use our motor vehicles.

What would the Sierra Club recommend then?

One, we would recommend that we greatly increase the funding for transit, for Amtrak and for road repair. We're being radical in the first two, liberal—less radical, allowing road repair to be included.

We only spend $15 billion for transit, public transit, in this country. That's 2 percent. Of that, probably $1 trillion now that's spent on transportation. Two percent of our transportation expenditures in this country are for transit.

That includes State and local subsidies. That includes Federal subsidies. And what you pay in the fare lots.

If we could only increase that to 10 percent of our total transportation expenditures in this country, that's only a factor of five. Seventy-five billion dollars, instead of $15 billion.

Sounds pretty modest when you say it's only 10 percent, but that would be enough to fund tremendous improvements in transit. We would have TGV's or high-speed rail between all our major urban centers and have great rail systems in all of our cities.

We want at least as high a Federal match for transit expenditures as for highways. If you're not funding highway expansions, then the transit match doesn't make—well, it makes a difference for building transit, but there's no transit match for highways, except for the repair.

In States or areas that transit really could not function, then perhaps we would allow—we would encourage allowing some of the transit money to be used for roads. But, only in areas where they could demonstrate that transit cannot be used to increase the efficiency of the area.

We'd like to tie transportation funding, all transportation funding, as well as the housing policies and the zoning policies—and this is something certainly that the Banking Committee could do—tie that to efficient land use policies, to protecting open spaces and agricultural lands, to not allowing development out there—or at least not funding development out there—through our loan policies. To requiring that the zoning allow neighborhood business in residential areas and allow denser residential areas around your transit stops, so we can use our transit systems more efficiently.

That could all be tied in to both the road and the transit funding policies. And we should mandate that MPO's, the Metropolitan Planning Organizations, in their analysis of transportation, transit funding or new transit programs, transit systems compared to highway systems, that they do at least one very dense/mixed use, compact/pedestrian-oriented regional transit plan.

I completely agree with Mike. We have to do a good analysis of the region and not just a corridor. But we should have at least one analysis that doesn't say the land use patterns stay the same whether you build highways or transit systems. It's just a matter of what system you take to get from one location to another, but recognizes that transit systems can allow much denser development, can allow this four for one or eight for one reduction in driving when you have a good transit system and the densification around this transit system. At least one good regional analysis of that so we can have a real alternatives analysis in the comparison between highways and transit that is fair and recognizes the physical laws and the economic laws that will happen if we build the transit systems.

And, finally, that we raise auto taxes and fees enough to eliminate the subsidies to motor vehicle use unless we can find real good reasons for trying to subsidize people to drive more and to pollute the air more and to use more petroleum. That we raise taxes and fees. That we eliminate those subsidies. Use that money that we raise, those revenues for the $75 billion in transit that we are going to spend every year, and that we use those moneys to give more alternatives, say, a transportation allowance to lower income so

that they aren't hurt by the change in the program that we have been subsidizing for so many years.

Thank you.

Mr. PETERSON. Thank you very much.

As you probably can tell, we're very pleased to have join us Senator Don Riegle, the senior Senator from Michigan, chairman of the Senate Banking Committee and a long-time supporter of public transit.

Senator Riegle.

OPENING STATEMENT OF SENATOR RIEGLE

Senator RIEGLE. Thank you very much.

Let me welcome everyone who is here this morning.

I've just come from a very moving ceremony out at Walter Reed Hospital, where the POW's who were repatriated from Desert Storm received medals today. And one of those was a woman that you've seen in the news, Melissa Rathbun Neely, who was taken prisoner and was wounded in the process, and was awarded the Purple Heart today, and other appropriate Service medals. Her parents, of course, were there, and they invited me to attend. So I was out doing so. But, it was quite a program.

This is a very important program and I want to extend my appreciation to everyone who is taking part in it today, to assist us in a sense trying to move toward some not only comprehensive vision of where we should be going in our mass transit policies and strategies and efforts, but also to try to develop as much as we can a working consensus so that we take strength from each other.

I think, in an era of great pressure on resources and great pressure not just on the dollar resources, but on other resources, whether they be clean air, energy or other things, the factors that lace into this area of national debate, obviously, local, State and Federal debate, but as we think about it in national strategy terms, there are very powerful and important tradeoffs and considerations to have to be taken into account here.

I happen to very strongly support and want to accelerate our efforts to have a more comprehensive and cost-effective public transit system in its various forms throughout the country that can really meet the needs of our people and can help us accelerate ourselves just economically.

We have a very active association in Michigan, as many of you here are from Michigan, or some are, certainly.

And our next speaker, whom I'm going to be pleased to introduce in a minute is, but in our own State, as we grapple with the needs of people as well as the budget constraints that we're operating under, I think our problems are very similar and probably as severe in their own form as they are anywhere in the country. So, I appreciate the leadership of the people in that business in my State, and also hope that we can as a State make a full contribution to the national discussion, the national resolution of things.

In studying the President's proposal for reauthorizing programs, I think there is an improvement, discernible improvement, over the Reagan administration policies because at least we're getting, I think, an explicit recognition of the importance of transit.

On the other side of the coin, I think the President's budget overlooks the enormous costs that are being imposed on the transit systems by the Clean Air Act and by the Americans With Disabilities Act.

I think the budget also underestimates the need for funds to maintain our current transportation system and to meet as well new demands for service.

I'm also concerned that the proposal to fund the entire mass transit program through the Highway Trust Fund could jeopardize long-term funding. And I know these are concerns that many of you share.

So, what I want to state to you today is that we intend in the Banking Committee to do a very thorough, careful job with this set of issues.

Senator Cranston, who is now back in the Senate after a serious bout with cancer, is determined, as I'm sure he said to you today, and as he said to me, as chairman of the subcommittee with jurisdiction in the Banking Committee in this area, that he intends to make this his principal driving focus this year as we get this bill reauthorized.

And I know him to be a man of his word. And when he says that's his intention, that will be what will happen.

We did that last year on the Housing bill. So, I want you to know that, from the point of view of the committee as a whole, we take this as a top operational priority this year. We want to do it on time, and we want to do it right. And we want to make sure that we're as forward-looking as we possibly can be, obviously, taking into account all the constraints with which we are struggling.

So, all the good input and partnership that we can get from all of you that are here from around the country, we very much want and need—our minds will be open. The door will be open. This will not be done on the basis of somebody going off by themselves and cooking something up.

We really want to make this be something that's national in its composition and thinking and scope.

Let me just end by just introducing Michael Bolton, whom you're going to hear from next.

Michael serves as the executive director of the Ann Arbor Transportation Authority and has since 1985. He grew up in Chicago and actually was a bus driver for the Chicago Transit Authority.

For those of you like me who were the Jackie Gleason fans, if you remember Ralph Cramdon—[laughter]—this is Michigan's version of Ralph Cramdon. [Laughter.]

I may be Ed Norton. I'm not sure. [Laughter.]

I probably ought to have his cap on if I'm going to take that role.

In any event, Michael, as you will know either from your other associations with him or from listening to him today, is really somebody that brings great expertise and talent to this work and has been involved in a number of legislative committees, both at a State and national level.

He's been active in developing the Transit 2000 Report on the national level and the comprehensive transportation plan on the local level. And he is really one of many important leaders in Michigan.

We're very fortunate to have a lot of public transit leadership in our State. But, none we're any more proud of than Michael Bolton.

So, I'm pleased to introduce him. I know you'll find his remarks worth hearing.

STATEMENT OF MIKE BOLTON, GENERAL MANAGER, ANN ARBOR TRANSPORTATION AUTHORITY

Mr. BOLTON. Thank you very much for those kind remarks, Senator. I've been compared to Ralph Cramdon a couple of times, and I wasn't too sure whether it was because of the experience or because of the size and structure of the package.

Senator RIEGLE. Both apply. [Laughter.]

Mr. BOLTON. Well, away we go, so to speak. [Laughter.]

Senator RIEGLE. That's pretty good. This was unrehearsed. [Laughter.]

Mr. BOLTON. One of the key issues that I'd like to talk about today and one of the issues that we brought to Senator Riegle's attention and Gene Coats and a number of the other Banking Committee staffers who have met with us is that, in all of the discussion that's going to take place regarding this bill, we've heard all the numbers. We've heard all the different programs that are tied into this.

But, ultimately, this program is going to be about people—the people who ride our buses, the people who live in our urban centers, and the people who rely on transit one way or another.

In Ann Arbor, we like to talk about our two customers. We talk about the customer who uses our bus every day, and we talk about the customer who, in our case, happens to be a taxpayer who expects us to provide quality service so that they can get where they have to get in a timely and efficient manner.

My concerns with the administration's bill are really that it short-changes our future. We spent 2 years working on T–2000. Our colleagues in AASHTO spent just as much time and just as much effort in 2020.

The administration in its outstanding transportation team of Brian Clymer, Stan Stanner, and John Klein and a number of other people spent a good deal of time traveling around the country getting input on this bill, or on the transportation policy, created a wonderful vision—and then something happened.

The vision was obscured by green eyeshades.

That's what we're talking about here. We're talking about an obscured vision for America. We're talking about continuing to do business in the same way that we have for the past 35 years. We're not talking about taking us into the year 2000. We're not talking about a program that's going to allow us to be competitive with Europe and with the Orient.

And let me tell you why we're not:

Because we haven't focused on our urban centers. All sizes of urban centers. We've talked about 150,000 miles of highways of significant status. There isn't a single mention of a transit system of significant status.

This bill does not have vision. Essentially, what it is, to use an old Biblical reference, is we are selling our birthright for a small increase in the funding level. And it's small.

They want us to accept a program that, at the end of a program, will have less money available today than we did 30 years ago. We're talking about a program that essentially says:

We are not going to invest in our urban centers.

I found it interesting in preparing for this. I read Mike's paper and found it very interesting. And, by the way, Mike, I found it fascinating that you left out the reference to "Charlie" on the MTA when you made your presentation.

Those of you who haven't read it, he did get all the words right. But, isn't it interesting? The same problems. And this is not a knock on Boston.

The same problems that affected the MTA when that song was so popular in the 1960's affect Boston today. We haven't done a damned thing about it.

I found it interesting the other night when the President talked about his two big issues: transportation and crime. If we continue this program, this type of approach, we're going to get to see a number of other crime bills because this bill doesn't do anything to help in that systemic approach.

That's something I'd like to just mention for a minute because one of the things that has always mystified me, and those of you who are in the industry know that I get a little bit mystified and upset on occasion, but one of the things that mystifies me is that we've never really taken a comprehensive look at putting our transportation plan, our energy plan, our housing plan together. We treat them all separately. And we treat them in a way that essentially does not allow for a cohesion or a cooperation between the programs.

Let me suggest that one of the problems with this bill, this bill talks about building highways and it fosters the suburban sprawl and fosters the tearing up of our farmlands. But, it doesn't say anything about reinvesting in cities.

Where do most people live?

They live in the urban centers.

Where do most of those people who are right now unemployed—and, believe me, we have a problem in Michigan in terms of unemployment?

They don't talk about things like affordable housing. These are all related. If people can't get to work, they can't afford housing. Or, if they have to travel a great distance to get to their work, then they've got a family problem.

You have got latch key kids. You've got day care. You've got child care. Other programs that suddenly have to spring up because the workplace is remote from the home.

The number of kids who are then susceptible to being forced into gangs, the number of kids who are then susceptible to getting into the use of drugs, goes up.

I heard an astounding figure last week. One of the nice things about going to Rotary is you get to listen to a lot of these very interesting speakers. And one of the speakers happens to be the

warden of the Federal facility that's just outside town. And he talks about $19,000 a year to house an inmate.

Think about that for a minute. And, then realize we probably spend $3,000 a year to educate a child.

Why? Because we've got crime.

Why do we have crime?

Because they're frustrated. They're out of work. They're up against it. And so what have we done? We've taken the jobs and we've put them in the suburbs.

And where are the people who should be in those jobs? They're in the cities.

The other problem that happens is, when we moved all of the jobs to the suburbs, we also moved the tax base.

Schools get an awful lot of money from local support. So what we've done is we've said:

Inner-city schools, forget it. There's no money.

When we start to look at this comprehensive approach, one of the things that we have to start to do is we have to start to look at how we take transportation money and transit money and we leverage it against other programs because, in levering against other programs, we raise its importance.

The surveys that we did for our Transit Now Coalition everybody says we needed. But, then you go and look at the other polls and it doesn't show up.

I talked to John Naisbitt last year, who was in town for a presentation. I went up to John Naisbitt afterward because he didn't mention infrastructure. And I went up and real gung ho, just coming off the Team 2000 Program, and I said:

"Hey, what do you think of infrastructure?"

And he looked at me like what. I said, "Infrastructure."

He said, "Oh, that's a Northeast term."

You know why? Because—and you're going to love to hear this, because, on the west coast, they're not going to have an infrastructure problem. They're going to be able to build their way out of it. [Laughter.]

Mr. BOLTON. This is a futurist. [Laughter.]

How do we determine our future?

We determine our future by reading our newspapers.

The problem is that this bill doesn't create that vision. It doesn't provide for the adequate funding. It doesn't provide for the operating assistance. It doesn't provide for the proper operating ratios.

This bill, to use one of the expressions that my friends from the South sometimes talk about, is "the same old ways."

And one of the things that this one gentleman from down South once told me is that:

"If you want to bring home the bacon, you have to kill the sow."

And the same old ways, that has to go if we're going to bring home the bacon.

Today and in the next few weeks, we have the opportunity to see if this program can be designed so that it encourages investment in our infrastructure. We can see if it encourages the investment that Mike talked about in terms of centers or areas rather than corridors. We can see, and it can approach some of the issues that John

talked about in terms of our other issues of clean air and energy independence.

These are the issues. And, Senator, I appreciate your commitment to us in Michigan to help work this process so that the transportation bill that we get is not only good for Michigan, but it's good for this country.

Thank you for this opportunity.

Mr. PETERSON. Thank's very much, Mike, Senator.

[The complete prepared statement of Francis B. Francois follows:]

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

Statement For The

Senate Subcommittee on Housing and Urban Affairs

NATIONAL SYMPOSIUM ON THE FUTURE OF PUBLIC TRANSIT

By

Francis B. Francois, Executive Director
American Association of State Highway
and Transportation Officials

March 13, 1991

Founded in 1914, AASHTO represents the departments concerned with transportation and highways in the fifty States, the District of Columbia and Puerto Rico, to foster the development, operation and maintenance of an integrated national transportation system. the active members of AASHTO are the duly constituted heads and other chief directing officials of the member transportation and highway agencies.

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Mr.Chairman, I am Francis B. Francois, Executive Director of AASHTO. On behalf of the Association, we are pleased to have been invited to participate in this important Symposium.

Let me first congratulate and thank you for conducting this Seminar. It is a good first step toward enacting a new federal public transit program, as part of the surface transportation reauthorization process.

The question posed to this panel is, "How should the federal mass transit policy best address congestion, pollution, energy conservation, and economic development?" In responding to this question, I first want to refer to a Statement we filed with the Subcommittee on January 2, 1991, which describes AASHTO's basic recommendations for the federal mass transit program. A copy of that statement is submitted herewith.

AASHTO's recommendations are drawn from our 1989 report, "New Transportation Concepts for a New Century," copies of which have been provided to Congress. The "New Concepts" report addresses all transportation modes, and it is from this perspective that I will respond to the question posed.

AASHTO believes that our transportation needs can only be resolved by a combination of the modes, appropriate to the needs of the state and its local jurisdictions. If we are to meet our mobility needs, we must think in an intermodal manner and coordinate all elements of our surface transportation system.

If we are to effectively relieve congestion, we need to utilize a balanced transportation approach that includes an appropriate mix of highways and transit, and a thoughtful application of systems management technologies and demand management techniques. To achieve this, we will need more effective intergovernmental planning, planning that will take into account both energy and the environment, and which involves state and local governments, regional planning organizations and transit agencies.

AASHTO believes there is clearly a federal transit role in solving our nation's people movement problems. That role includes establishing national goals and objectives, encouraging the kind of urban planning process that will address the issues raised by the Subcommittee, supporting an enlarged transit research program, and providing federal funding where appropriate to supplement the fare box, and the funds being provided by states and local governments.

The state role in public transit has continued to grow over the past decade, as is documented annually by AASHTO in its survey of state involvement in transit. I am providing herewith a copy of AASHTO's 1990 "Survey of State Involvement in Public Transportation," Table 3 of which summarizes state funding for transit totalling $4.8 million, greater than the current federal level of support. States and their local governments have clearly been carrying the lion's share of transit funding. AASHTO believes that federal support must increase from its current levels, if we hope to address this national need.

Turning to the paper by Professor Meyer, he has made a number of important observations. AASHTO agrees with him that federal participation in transit is necessary, and should be encouraged. We believe that if transit is to be effective, we must work to assure that it is both reliable and efficient. This requires greater attention to the mechanics of operating a transit system, especially maintaining equipment and replacing it on a reasonable time schedule. AASHTO's program funding recommendations take this into account.

As to level of service, AASHTO believes that at the least we need to assure that transit can continue to carry its present modal share, which again was taken into account in establishing our funding goals for the federal transit program.

Transit is clearly of vital importance in meeting our national transportation objectives, and our energy and environmental goals. AASHTO supports a transportation program that will look intermodally, and examine both highways and transit from the standpoint of the service they can provide to move people, and changes in the organizational framework that will provide more effective and efficient people transportation.

Mr. Chairman, let me now turn to the Administration's proposed Surface Transportation Act. We believe that it is a significant proposal for several reasons. First, it provides a timely vehicle for analyzing the reauthorization issues. While we have some concerns with the bill, we are pleased that the Administration has taken an important step in getting the discussion moving.

We support the Administration's proposal to essentially retain the current structure of the transit program. Further we support some of the new initiatives included in the bill, such as increased, dedicated funding for transit research. We support increased use of the funds in the Mass Transit Account trust fund (although as indicated below, not at the expense of general funds for transit).

We also support a five year authorization bill to provide greater funding stability and predictability for state and local agencies.

Among our concerns with the transit provisions of the Administration's bill are the following:

1. We believe that the flat funding level of approximately $3.3 billion is inadequate, and if inflation is considered, results in a decrease in transit funding during the later years of the reauthorization. After a significant amount of analysis examining future needs for all modes of transportation, AASHTO has recommended that funding for transit be increased to $4.3 billion in FY 1992 and rise incrementally to $5.8 billion by FY 1995, including both capital and operating subsidies. This funding level is needed just to maintain existing transit service and provide a modest level of improvement.

2. We oppose the elimination of operating assistance for areas over one

million in population. We believe that this proposal will force many transit systems to increase fares, which may reduce ridership. This seems to contradict the federal initiatives in the Clean Air Act Amendments passed last year which require state and local areas to take actions to reduce pollution in non-attainment areas.

3. We oppose the reduced federal shares for transit included in the bill. Many state and local governments have been doing their share to increase funding to transit. We believe that the resources of most states and local governments for transit are already significantly stretched, in part because of the transfer of funding responsibility from the federal level that has occurred since 1981. It is not reasonable to expect these jurisdiction to double their matching share in order to receive federal transit funds.

4. We oppose the elimination of general fund support for transit. The agreement reached in the establishment of the Mass Transit Account in 1982 was that general funds would be retained for operating purposes and certain other transit purposes, and that mass transit account funds would be used for capital projects. General funds are an integral part of the federal mass transit program and should be retained.

With respect to funding transit entirely out of the Mass Transit Account of the Highway Trust Fund, all indications are that this will be a diminishing resource, if efforts to increase the use of transit and reduce vehicle miles of travel and fuel use by automobiles are successful. Implementation of Clean Air legislation, with its emphasis on alternate fuels and less automobile usage, will serve to reduce the amount of revenue in the Mass Transit Account, as well as the Highway Account. For this reason alone, reason calls for continued general fund support for transit.

Mr. Chairman, we appreciate this opportunity to provide the Association's views on the future of our transit programs. If the Subcommittee or your staff have any questions regarding our statement, please let us know.

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

STATEMENT FOR

THE HOUSING AND URBAN AFFAIRS SUBCOMMITTEE
OF THE
SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

Relating To

SURFACE TRANSPORTATION REAUTHORIZATION LEGISLATION:

REAUTHORIZATION OF THE URBAN MASS TRANSIT ACT

By

FRANCIS B. FRANCOIS
Executive Director
American Association of State Highway
and Transportation Officials

January 2, 1991

Founded in 1914, AASHTO represents the departments concerned with transportation and highways in the fifty States, the District of Columbia and Puerto Rico, to foster the development, operation and maintenance of an integrated national transportation system. The active members of AASHTO are the duly constituted heads and other chief directing officials of the member transportation and highway agencies.

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

As approved by the Policy Committee on December 9, 1990

POLICY RESOLUTION PR-10-90

Title: Restoration of Transportation User Fees for Transportation Needs

WHEREAS, the 101st Congress in its closing session enacted the 1990 budget reconciliation Act that increased motor fuel taxes by five cents per gallon, a source of revenue drawn from America's motorists and trucks that use our highways and which since 1956 has been dedicated solely to improving transportation in the nation; and

WHEREAS, in taking this action the 101st Congress violated the long established concept of using highway user taxes only for transportation, when it placed one-half of the revenue to be generated by the five cent tax increase into the general fund to directly reduce the deficit, leaving only the other half to be deposited into the Highway Trust Fund; and

WHEREAS, while the some $2.5 billion additional revenue per year that will flow to the Highway Trust Fund because of this deposit of one-half of the five cent tax increase is badly needed to improve the safety and sufficiency of the nation's transportation system, the 1990 budget reconciliation Act enacted by the 101st Congress did not make any of this new revenue available for fiscal year 1992 through 1995 and instead is therefore indirectly also using it for deficit reduction purposes; and

WHEREAS, the current levels of federal support for the nation's highway and public transportation systems are inadequate to meet rehabilitation needs, to ensure the safety of the traveling public, to begin solving congestion and rural access problems, to conduct adequate transportation research programs, and to keep America competitive in a world economy that is demanding more, not less, mobility for people and freight; and

WHEREAS, in a sense of Congress resolution accompanying the 1990 budget reconciliation Act the members of the 101st Congress commendably recognized that all highway user taxes should be dedicated to meeting the federal share of our country's vital transportation needs, and that "adequate funding of transportation is a key component of a national strategy for economic growth;" and

WHEREAS, the 101st Congress in the 1990 budget reconciliation Act also raised the taxes which support the Airport and Airway Trust fund by 25 percent, but diverted the tax revenue from this Trust Fund to the general fund through fiscal year 1993 to directly reduce the deficit; and

WHEREAS, AASHTO agrees with the majority of Americans that the federal deficit problem is an emergency situation that requires emergency action, we also believe that Congress should not try to solve the deficit emergency by creating another emergency in transportation.

NOW, THEREFORE, the Board of Directors/Policy Committee of the American Association of State Highway and Transportation Officials, meeting in Phoenix, Arizona on December 9, 1990, does hereby request that the 102nd Congress:

1. Act to restore public trust in the federal highway and aviation trust funds, by ending all diversion of transportation tax revenue into the general fund and restoring such revenue to the respective transportation trust funds.
2. Enact transportation funding legislation that will draw down the balances in the transportation trust funds in an orderly manner, and end the indirect usage of such balances for deficit reduction purposes.

3. Enact legislation to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the general fund budget and establish the Trust Funds permanently, to make the federal government a reliable and predictable partner with state and local governments in assuring a sound, properly financed American transportation system that will support "a national strategy for economic growth" through the 1990s and beyond.

BE IT FURTHER RESOLVED, that the Association's Executive Director be requested to provide copies of this policy resolution to the members of Congress and the Administration, on behalf of the departments of highways and transportation in the 50 states, the District of Columbia and Puerto Rico that comprise AASHTO.

1

On behalf of AASHTO, we are pleased to respond to the Subcommittee's request for the Association to provide you with our views on surface transportation reauthorization legislation, specifically the Urban Mass Transit Act.

In this statement, I will discuss the major recommendations of the Association for surface transportation reauthorization legislation, as contained in our "New Transportation Concepts For A New Century" report, the final edition of which was published in October, 1989, and copies of which have been given to the Subcommittee. As an AASHTO report with recommendations, this document required approval by more than two-thirds of our 52 member departments.

AASHTO believes that we can no longer afford to address highways and public transportation separately, for in much of our nation both modes are necessary to meeting mobility needs and must function together in a coordinated manner.

Indeed, AASHTO believes that all transportation modes play a vital role in meeting America's needs to move people and freight, and that we must begin to both think and act in a more intermodal manner. It is for this reason that our "New Concepts" report includes analysis and recommendations affecting all transportation modes. We are especially concerned about assuring adequate linkages between the modes, so that they will function as one transportation system serving the nation.

We do recognize that this Subcommittee concentrates on surface transportation, specifically transit, and thus I will not further address the aviation, water and rail modes in this statement. But before leaving the subject of intermodalism, a final observation. It is not possible for any one mode to meet our national transportation needs for people and freight. In order to keep our nation moving, we must explore and implement possibilities to build an interrelated network of air, rail, water and motor vehicle transportation services.

THE NEED FOR REAUTHORIZATION LEGISLATION

On December 9, the AASHTO Policy Committee approved PR-9-90, "Surface Transportation Reauthorization Legislation," a copy of which is attached. It states AASHTO's concerns, and is directed to the 102nd Congress. We commend it to the Subcommittee. The next surface transportation bill enacted by Congress must address many new issues. The 1987 Act largely completed construction funding for our Interstate Highway System, which has been the centerpiece of the Federal-aid highway program since 1956. Recognizing that there are still a few important miles of the Interstate System to be funded to completion, next surface transportation bill is nevertheless a time for us to move beyond the Interstate program, and prepare America's surface transportation system for the 21st century.

With regard to transit, it is clear that transit must play a major role in the years to come if we are to keep America mobile, and meet our environmental challenges.

The kind of transportation system we provide for the next century will make or break this nation's economy, and will directly affect the lifestyle of all Americans. We have choices to make. We can live in cities trapped in gridlock, lose time and money traveling on decaying highways and transit systems, and watch as our competitive position in the world economy declines because of inadequate transportation. Or we can act to ensure the planning, research and investment in transportation necessary to keep the United States a world-class competitor, and to assure support to our life style.

GOALS, OBJECTIVES AND FEDERAL ROLE PRINCIPLES

Goals

The member departments of AASHTO engaged in over three years of analysis and review, leading to the adoption of our "New Concepts" report. In this process, which was carried out under the direction of our Task Force on a Consensus Transportation Program, the leadership of our 52 member departments set out seven specific national goals we believe must guide future surface transportation legislation. They are:

1. Preservation

Preservation of America's existing surface transportation system should be the primary goal of any future national transportation program since it is this system which provides the basic network upon which this nation's economic health and international vitality depend.

2. Congestion Relief

A balanced approach to increasing capacity and reducing congestion on this nation's surface transportation system should be employed, including an appropriate mix of highways and transit, and a thoughtful application of systems management technologies and demand management techniques.

3. Adequate Funding

User and benefitter fees, set at an appropriate level to cover the economic cost of the surface transportation facilities and services provided, should be dedicated solely to the funding of transportation improvements. General fund commitments to public transportation should continue.

4. Safety

The safety of Americans, using the surface transportation facilities and services, should be preserved and enhanced through the continued national commitment to safety research, safety applications and safety projects.

5. Access and Balance

The national surface transportation system should be comprised of a balanced, integrated and coordinated multi-modal network of facilities and services which provide an adequate level of access to all of the various regions of this nation.

6. Planning and Research

This nation should continue to commit sufficient funding to transportation planning and research to ensure that established goals are met, that future options do not get precluded, and that new technologies are developed and applied to transportation infrastructure in a timely manner.

7. Economic Vitality

The national surface transportation program should preserve and enhance the economic vitality of this nation by providing employment, reducing transport costs, improving freight movement productivity, revitalizing rural America, rejuvenating blighted urban areas, supporting existing land uses, attracting economic development, providing transportation for rapidly growing regions, and improving international competitiveness.

Objectives

Given these goals, AASHTO believes that the following should be the objectives of the highway and public transportation components of the next surface transportation act, and should be provided for therein:

Highways

1. System Maintenance, including pavement preservation;

2. Bridge Needs, including maintenance, repair and replacement;

3. Interstate Reconstruction, including pavement rehabilitation and preservation of the existing system;

4. Urban Congestion should be addressed with improved freeway/expressway capacity where appropriate;

5. Principal Arterials serving interstate and intrastate needs; and

6. Interstate Capacity should be increased by the addition of lanes in congested sections.

In addition, AASHTO strongly supports the prompt funding and completion of the remaining Interstate highway and Interstate substitution commitments.

Public Transportation

1. Urban Congestion should be addressed with improved public transportation services where appropriate;

2. Reconstruction and Maintenance of facilities and vehicles should be provided to preserve existing service; and

3. Mobility should be provided for the non-driving public by public transportation services.

Modal Interlinks, Applicable to Both Highways and Public Transportation

1. Access by highway and public transportation modes should be improved to ports, terminals and other modal facilities; and

2. Planning should ensure that decisions to locate ports, terminals and other modal facilities include adequate consideration of existing and future surface transportation requirements.

Federal Role Principles

AASHTO believes that all levels of government, federal, state and local, as well as the private sector, have roles to play in meeting these goals and objectives. Turning specifically to the federal role, AASHTO believes that the following eleven principles should apply to new surface transportation legislation enacted by the Congress:

1. Issues of National Significance should be included in the federal focus on transportation;

2. Systems of National Significance should be included in the federal focus on transportation;

3. Preservation Needs on the existing surface transportation should be included in the federal focus;

4. National Economic Well-Being and economic growth should be included as part of the federal focus and role in transportation;

5. Planning should be emphasized in the federal role;

6. Safety should be emphasized in the federal role;

7. Major Capital Needs requiring massive expenditures for new construction or reconstruction should be part of the federal role;

8. Research should be emphasized in the federal role;

9. Interstate or Interregional Issues should receive at least a minimum response at the federal level;

10. Emergency Relief should be provided for at the federal level; and

11. Defense should be included in the federal role in providing surface transportation.

RECOMMENDED SURFACE TRANSPORTATION PROGRAM

Building upon these goals, objectives and principles, which are more fully discussed in the "New Concepts" report, the member departments of AASHTO have developed specific recommendations for the federal highway and public transportation programs. We have also considered at length the respective funding roles of the federal, state and local governments, and the private sector, in providing the resources necessary to reasonably and rationally meet America's surface transportation requirements. Before moving to the content of AASHTO's recommended highway and public transportation programs, let me first turn to our recommended federal funding levels.

Funding Levels

In approaching the question of the total funding required for coming years in the highway and public transportation programs, AASHTO studied both modes in depth and engaged in lengthy analysis. The results of that effort are contained in the September, 1988 AASHTO report titled "Keeping America Moving - The Bottom Line," copies of which have been filed with the Subcommittee.

Among the steps leading to publication of the report in September, 1988 were the following:

Public Transportation:

1. A special committee of our Standing Committee on Public Transportation collected available information on transit funding and requirements from our member departments, the Urban Mass Transportation Administration and the American Public Transit Association, and assembled a basic set of tables showing projected requirements in large, medium and small urban areas, and in rural America.

2. The collected data was analyzed utilizing nationally-developed criteria, and the results were reviewed by transit experts in our member departments.

3. Finally, the Task Force on a Consensus Transportation Program reviewed the data, and the conclusions drawn therefrom.

Modal Interlinks:

1. After determining that no reliable data was available with respect to needed linkages between airports, harbors and railheads and the nation's highway and public transportation systems, a committee surveyed our member departments with respect to interlink needs.

2. The results of the survey were analyzed, and from this the first-ever national estimate of need was made, resulting in the findings on pages 39-42 of "The Bottom Line" report. Again, the information was reviewed by the Task Force.

AASHTO believes that if we are to deal effectively with highway and public transportation needs into the 21st century we need to raise total annual spending by all levels of government to over $100 billion for highways and about $16 billion for public transportation, in constant dollars, compared to today's investment level of about $66 billion for highways and $14.5 billion for public transportation. We also believe that, following the goals, objectives and principles stated earlier, the overall federal percentage share of our highway program should be at least the same as has been traditional, and that the federal share of the public transportation program should be increased over the levels of recent years.

Public Transportation Program Funding

AASHTO believes the public transportation funding levels it is recommending for the next surface transportation program are both reasonable and rational. We take this position because of the methodical manner in which we developed those recommendations.

For public transportation, AASHTO recommends a federal capital funding level of $3.5 billion in FY 1992, rising incrementally to about $5 billion in FY 1996, along with a continuation of operating assistance at the current level, which is approximately $800 million per year. AASHTO holds that funding for transit will require continuation of at least the present level of funding from the General Fund, in addition to funds available from the Mass Transit Account of the Highway Trust Fund.

Approximately $1.1 billion of these funds would be used for the categorical transit program under AASHTO's recommendations, and all other funds would be used for the Flexible State and Local Transit Program.

State and Local Funding Levels

State governments have been providing increasing resources for public transportation. The most recent AASHTO Survey of State Involvement in Public Transportation indicates that in FY1990, state funding for transit was $4.8 billion, while federal funding was about $3.0 billion. Increased federal resources are needed as discussed later in this statement.

Matching Ratios

AASHTO believes that the federal-state/local matching ratio for transit should remain at current levels. For the Section 3 program, the federal-state/local match ratio would be 75%/25%. For the Section 9 and Section 18 programs, the federal-state/local match ration would be 80%/20%.

AASHTO'S HIGHWAY AND PUBLIC TRANSPORTATION PROGRAM RECOMMENDATIONS

Let me now turn to our recommendations for both the highway and the public transportation programs. In both modes, we are recommending a two-component program. The first is a categorical program focused on meeting clearly national requirements, and the second is a flexible state and local program that is new in concept and which will enable the states and their local governments to tailor transportation solutions to their unique needs. Under the flexible state and local programs federal funds would be utilized only to address specific transportation issues as defined by the Congress and necessary federal oversight would be assured, but current procedures that hamper the effective use of federal funds would be eased. In the categorical programs the federal role would remain much as at present.

The "New Concepts" report describes AASHTO's highway and public transportation programs in detail. For the convenience of the Subcommittee, the following are summaries of the Association's recommended categorical and flexible programs for public transportation. The numbers in parenthesis after each section indicate the page(s) of the New Concepts report containing the recommendation.

THE AASHTO CATEGORICAL TRANSIT PROGRAM

I-Purpose: The purpose of the Categorical Transit Program is to fund capital needs for the nation's major public transportation systems (3-16).

II-Procedure:

1. The Categorical Transit Program would fund projects and programs which:

   Address major rehabilitation needs
   Address new systems and services (3-16)

2. A percentage of funds from the federal Categorical Transit Program would be set aside for meeting special needs like:

   Transit planning and research
   Elderly and handicapped transit (3-16)

3. Funding for the Categorical Transit Program would be provided through the Mass Transit Account of the Highway Trust Fund. This funding as of when the "New Concepts" report was adopted consisted of one-ninth of the current federal gasoline tax, one-fifteenth of the current federal diesel fuel tax, and one-third of the current alternative fuels tax (3-16).

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4. The fiscal year 1989 funding allocation levels for rail modernization, new starts and bus capital expenditures from the federal fuel tax would be maintained and continued as discretionary grants under the Categorical Transit Program (3-17).

III-Federal Oversight:

1. The Categorical Transit Program should continue to be administered in a manner similar to that employed presently. Coordination will be required in the level of the modified federal role among the state transportation agencies, regional planning bodies and local governments, particularly in the case of urban transit systems, transportation planning and modal interlink projects (3-20).

2. A streamlined certification process would be used for projects developed under the Categorical Transit Program. Differences which exist between the certification of highway and transit projects would be retained at the federal level (3-22).

IV-Funding:

1. For the Categorical Transit Program, the federal share should remain at the current level of 75%. For new starts, or system extensions, funding priority should be given to projects providing a non-federal share higher than the minimum 25% (3-23).

THE AASHTO FLEXIBLE STATE AND LOCAL TRANSIT PROGRAM

I-Purpose:

The purpose of the Flexible State and Local Transit Program is to fund a range of capital and operating state and local transit needs with General Funds, and to fund a broadened range of capital projects with a portion of the Mass Transit Account revenues (3-17).

II-Procedure:

1. Funding under this program would be spent in addressing state and local transit needs, including:

   On-going operating assistance
   Rehabilitation needs
   New bus services
   Small urban and rural transit (3-17 to 3-18)

2. The above programs would continue to be funded from the General Funds of the U.S. Treasury, and apportioned as with current law to designated transit recipients, which include local transit authorities for the large urban areas, and the states for small urban and rural areas (3-18).

3. A second component of the Flexible State and Local Transit Program would be funded from a portion of the Mass Transit Account. Under the AASHTO recommendation, all Mass Transit Account resources in excess of FY 1989 transit funding allocation levels would be distributed by a broad-based public transportation formula.

   For these Mass Transit Account formula funds, eligible projects would be broadened to permit funding for public transportation capital projects that serve to increase vehicle occupancy rates and enhance basic mobility as follows:

   Traffic signal improvements which provide priority treatment for transit and ridesharing vehicles,

   Exclusive high occupancy vehicle lanes,

   Transportation system management measures which provide priority treatment or improve operations for high occupancy and shared ride vehicles, and

   Commuter rail service capital improvements which include service between multiple urbanized areas within a single state (3-18).

4. Flexible transit funds would be administered as today, with the local transit authorities being the recipients for urban areas over 200,000 population, and the states being the recipients for small urban areas and rural areas (3-21).

5. All annual Mass Transit Account revenues in excess of FY 1989 funding allocation levels would be distributed 50% based on the current formulas, and 50% by total population (3-21).

III-Federal Oversight:

1. The states and/or transit funding recipients would be responsible for the certification of all projects receiving federal assistance (3-22).

2. Certification for projects developed under the Flexible Transit Program would not occur at the individual project level but at the statewide or local transit agency level, depending upon who was the recipient of the funding (3-22).

3. Each state or transit funding recipient would prepare an annual list of projects, using existing documents like the state construction program, the regional

Transportation Improvement Programs and the local government project lists for prior approval at the federal level (3-22).

4. Annual progress reports covering the preceding year's achievements would be submitted at the same time and as part of the same document. In this manner, the Administration, the Congress and the Federal Government would be kept abreast of progress (3-22).

IV-Funding: 1. The matching ratio for capital projects under the Flexible Transit Program is proposed to remain at 80 percent federal/20 percent state/local (3-23).

AASHTO'S TRANSPORTATION RESEARCH RECOMMENDATIONS

It is a fact that over the past decade our nation has spent less - much less - on transportation research than any of the other leading industrial nations. In the United States spending for research in the highway industry is about 0.2 percent of our highway expenditures, lower than the average in even our most basic low technology industries, which on the average spend more than eight times as much as we do on highway research. We believe this situation must be remedied, if we are to properly address the highway and other transportation problems facing America.

Over the past several years AASHTO's member departments have become more involved with and supportive of transportation research, recognizing the role it can play in helping to meet our transportation needs. In the 1980s AASHTO gave leadership to establish the Strategic Highway Research Program (SHRP), which the Congress strongly supported and funded in the 1987 Act. Recently, we created a new Standing Committee on Research, and gave it a broad charge to provide leadership in this increasingly important area.

As part of AASHTO's Transportation 2020 effort, the Standing Committee on Research developed the most comprehensive report on the status and needs in transportation research every produced. Titled "Innovation," the report was endorsed by the AASHTO Policy Committee, and copies have been provided to the Subcommittee. Based on this report, AASHTO adopted a number of specific recommendations, which are included in Chapter 6 of the "New Concepts" report.

I would like to emphasize some of AASHTO's transportation research recommendations, while directing your attention both to the complete list of recommendations in the "New Concepts" report, and the backup material in the "Innovations" report.

AASHTO believes that:

- Overall, the funding provided to support transportation research and technology transfer activities should be substantially increased, to perhaps double current levels. The federal government has a long tradition of supporting transportation research for both roads and transit, reaching back to 1893 in highways, and its leadership and funding support is vital.

- A major public-private research effort on intelligent vehicles and intelligent highway systems (IV/HS) should be undertaken, one that includes road-related transit vehicles, so that the benefits of technology can be applied to solving our congestion and highway safety problems.

  The United States currently lags far behind both Europe and Japan in this important research area. AASHTO is working with industry and the Federal Highway Administration to develop plans for a public-private effort that will put the United States in its rightful leadership position on IV/HS, and the next surface transportation bill should include strong federal support.

- A research program for public transportation should be established, perhaps patterned after the highway research program, and intermodal research should be encouraged.

The Highway Trust Fund

As the Subcommittee knows, over the past few years AASHTO has repeatedly expressed its concern about the future of the Highway Trust Fund, and its Mass Transit Account, and has approved and forwarded to the Congress several policy resolutions relating to this issue.

The Association is committed to the user fee concept for supporting transportation programs, strongly supports continuation of the federal Highway Trust Fund, and believes it should be made permanent.

We also believe that the balance in the Highway Trust Fund should be utilized for the purposes for which the revenue was collected, including the accumulated interest on funds contributed by the nation's highway users. We also strongly oppose using transportation user fee revenue for any other purpose than transportation, such as reducing the federal deficit. We want to put "trust back into the Highway Trust Fund."

Finally, the Association believes that the gasohol exemption from the federal motor fuel tax should be ended, especially if in the process of implementing Clean Air legislation gasohol fuels become mandated in some metropolitan areas. In addition, every effort should be made to eliminate the raiding of motor fuel tax revenues by organized crime. These actions could result in from $1 to $2 billion additional being available for America's highways, according to reliable estimates, without any increase in the levels of taxation.

In December our Policy Committee adopted resolution PR-10-90, titled "Restoration of Transportation User Fees for Transportation Needs," a copy of which is attached. It summarizes our concerns about actions in the 101st Congress, raising motor fuel taxes for deficit reduction purposes. We commend it to the Subcommittee's attention.

Summary

In this brief statement of AASHTO's recommendations, it is to be understood that many important program and other details have not been included, for reasons of brevity. Those details are contained in the text of Chapter 3 and the "Commentary" section of the "New Concepts" report. If any questions about AASHTO's recommendations remain after reading Chapter 3 and the "Commentary," AASHTO stands more than ready to provide any further information or needed clarifications.

It is recognized that we are just at the beginning of the Congressional reauthorization process for our surface transportation program, including mass transit. Over the coming months we know that your Subcommittee will hear from many witnesses, and will consider several proposals for helping meet our surface transportation needs. We trust that this AASHTO statement will facilitate your work. We stand ready at any time to respond to any questions you may have, and we look forward to commenting on specific legislative proposals as they are developed by the Subcommittee.

# # # #

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

As approved by the Policy Committee on December 9, 1990

POLICY RESOLUTION PR-9-90

Title: Surface Transportation Reauthorization Legislation

WHEREAS, the Surface Transportation and Uniform Relocation Assistance Act of 1987 will expire on September 30, 1991, and federal support for highway and public transportation programs vital to the economic future and overall goals of the United States and its people will terminate unless appropriate action is taken by the 102nd Congress and the Administration; and

WHEREAS, the 101st Congress in its closing session took an important, highly commendable step toward providing more adequate support for America's highways when it increased the highway obligation ceiling to $14.5 billion for fiscal year 1991, resulting in an overall federal-aid highway program funding level of $16.2 billion; and

WHEREAS, in a sense of Congress resolution accompanying the 1990 budget reconciliation Act the members of the 101st Congress commendably stated that all highway user taxes should be dedicated to meeting the federal share of our country's vital transportation needs, and that "adequate funding of transportation is a key component of a national strategy for economic growth;" and

WHEREAS, the Secretary of Transportation has taken the leadership to prepare a draft measure, and is working with the Administration to produce Surface Transportation Legislation for submittal to the 102nd Congress.

NOW, THEREFORE, the Board of Directors/Policy Committee of the American Association of State Highway and Transportation Officials, meeting in Phoenix, Arizona on December 9, 1990, does hereby:

1. Call upon the leadership of the 102nd Congress that will convene in January, 1991 to make passage of a Surface Transportation Reauthorization Act of at least four years duration a topmost priority during its first session, as an Act vitally necessary to help meet the nation's transportation needs and as a "key component of a national strategy for economic growth."

2. Advise the Congress and the Administration that two primary concerns of states in surface transportation reauthorization legislation are increasing Federal funding to each state and providing for not less than an 85% Federal share payable for highway projects eligible for Federal aid.

3. Request that the 102nd Congress and the Administration take into consideration the recommendations of the AASHTO Report "New Transportation Concepts for a New Century" as they develop and enact a Surface Transportation Reauthorization Act in 1991, and in particular that the Act be at least four years in duration, and reach the level of federal funding for highways and public transportation identified and fully supported in the "New Transportation Concepts" report, those levels being as follows:

Federal Highway Funding (Billions of Dollars)	Federal Transit Capital Funding* (Billions of Dollars)
FY 1992 - 17.6	FY 1992 - 3.5
FY 1993 - 19.6	FY 1993 - 4.0
FY 1994 - 22.7	FY 1994 - 4.5
FY 1995 - 25.9	FY 1995 - 5.0

These levels should be funded by fully utilizing the resources in the Highway Trust Fund and the Transit Capital Funding from the General Fund, including utilizing those provisions spelled out in Resolve 5. With these provisions fully utilized no new taxes would be required to achieve these levels. Funding for transit will require continuation of at least the present level of funding from the General Fund.

* It is noted that necessary operating assistance funds of approximately $0.8 billion per year are not included in this table.

4. Request the Administration to complete and transmit to the 102nd Congress, in conjunction with the President's fiscal year 1992 budget, its proposed Surface Transportation Reauthorization legislation.

5. Request that the 102nd Congress act to fund the program set forth in Resolve 3 by fully utilizing the resources in the Highway Trust Fund for America's surface transportation system, and that it implement the four provisions of the sense of Congress resolution included in the 1990 budget reconciliation Act by:

- o Enacting legislation providing that any increase in motor fuel excise taxes that are deposited in the Highway Trust Fund shall be available for surface transportation purposes;

- o Enacting budget authority and outlays attributable to the increase in deposits into the Highway Trust Fund as a result of any increases in motor fuels taxes through implementation of the 1990 budget reconciliation Act;

- Enacting legislation reaffirming the principle that highway motor fuel taxes should be deposited in the Highway Trust Fund, and placing revenue from the 2.5 cent highway motor fuel tax now going to the General Fund into the Highway Trust Fund; and

- Enacting legislation providing that to the extent the highway motor fuel taxes are used for deficit reduction during the 5-year period beginning with fiscal year 1991, the Congress should return to the dedicated user fee principle as soon as possible but no later than the end of fiscal year 1995.

BE IT FURTHER RESOLVED, that the Association's Executive Director be requested to provide copies of this policy resolution to the members of Congress and the Administration, on behalf of the departments of highways and transportation in the 50 states, the District of Columbia and Puerto Rico that comprise AASHTO.

Mr. PETERSON. We've now come to the point in our program where we can open it up for questions and comments.

Are there any people that would like to ask any questions of any of the panelists or make any statements at this point? Yes, sir—yes, ma'am.

Ms. MAURUS. I'd like to know why nobody looks at transit from the perspective of the rider whom we're trying to attract. He's not going to get on to a bus or a subway unless it is, one, more convenient, faster and less expensive than his car in such a ratio that it will attract him.

We set up our infrastructure so that the further out he goes, the faster he can get into town with the highways that we build.

Why do we spent our money on transit in the population centers and spend our money on highways between the population centers?

Mr. PETERSON. Good question.

Which member of the panel would like to comment on that?

Can you repeat the question? [Laughter.]

I think the general gist of the question was:

Why don't we think about what we're trying to do from the point of view of the rider? That that person is not going to take transit as an alternative unless it provides either a speedier trip or a less costly trip, or some other way that is more advantageous for them to take.

Is that generally the sense of the question?

Ms. MAURUS. Yes. And why do we spend our moneys on transit in the population centers and highways between them?

Mr. PETERSON. Let me just make one comment.

President Eisenhower is the Father of the Interstate Highway System, which has done I think by everybody's account a spectacular job on allowing us to move goods and people fairly well between major urban centers in this country. And I think the challenge in front of us for the next decade and into the year 2000 is to have that same kind of commitment at the national level for moving goods and people within the major metropolitan areas. And I think that's basically the point you're making.

What we have to do as transit officials and transportation officials in those metropolitan areas is provide the kind of system that you're talking about, that truly is an attractive alternative.

Ms. MAURUS. But, Federal planning has to look at it from that point of view.

Mr. PETERSON. That's correct.

Are there any members of the panel who would like to comment further on this? Alan?

Mr. KIEPPER. I really think that what you've stated is exactly what we're trying to do. The problem is that the resources available to public transit are so limited that we can barely maintain the systems that we have now under the very limited amount of money from all sources—from the Federal level, from the State level, from the local level—to do any kind of meaningful expansion of systems.

The resources, we simply have not in this country put a very high priority on transportation infrastructure. It's pretty low on the priority list. And, therefore, there really isn't the opportunity to design and build a significant new system of transit. We sort of

build them in dribs and drabs, one line at a time. And it takes a long time to develop a system, so that I don't really think that most of us that are in the public transportation field differ with you, that we ought to look at our cities from the standpoint of providing a good public transit network.

Then, the highway system, of course, is obviously a part of that. But, given the limited resources, I don't see that we could really make a lot of headway in doing the kind of thing that you would like us to do.

Ms. MAURUS. I would like to hear from Professor Meyer. He advocates studies and alternatives analyses. I would like to hear from him on that issue.

Mr. MEYER. You were going to hear from me on that issue, I assure you. I grabbed this thing and brought it closer. I think, in fact, I have something in my written statement that, to some extent, deals with that particular issue. I didn't do everything I had in my written statement because I didn't have time.

But, if you look around the country at particular metropolitan areas and ask yourself the question—what's likely going to happen in the future of the American public transit in those metropolitan areas?—my sense is that you're going to see two very important issues being faced by public transit agencies in the metro areas.

One is recognizing the fact, whether you like it or not, that most major metropolitan areas now are consisting of major activity centers, of which the downtown is one activity center. And you have other activity centers in suburban areas.

Now, you can disagree with that format. You can say that shouldn't happen. But, unfortunately, it's there. OK?

So, I think that raises two key challenges from the point of view of public transit.

One, how do you connect what I call regional commuter markets to those activity centers? Not just the downtown, but also, say, suburban activity centers.

And, importantly, how then do you connect those activity centers with some form of high-speed, high-capacity type systems?

That's, in essence, what Houston was looking at. That's currently what Seattle is looking at. When I was in Boston, that's what Boston was looking at.

The answer isn't real obvious how you do that. But I think that is one of the key challenges for transit in the future, is the interconnection of these major activity centers in particular metropolitan areas.

And the answer to your question though is, as Alan suggested, why aren't these things being done? Because the funds aren't there.

But, my suspicion is that, from a planning point of view in the future, you're going to see these other issues coming to the fore with regard to how to interconnect these things with trans-options.

Participant. History tells us that Americans will provide significant new resources when a vision is correctly presented to them.

Examples of the Space Program, putting a man on the Moon. The interstate program was recently alluded to.

What vision would you see Congress coming out of this reauthorization providing to the American public to provide those kinds of

increased resources we've seen given to other domestic programs when they become a national priority?

Mr. PETERSON. Who would like to comment on that? Alan?

Mr. KIEPPER. I guess my response to that would be a statement of national priorities. I think we have to start with what's important in terms of future goals for the country.

I don't think we've ever made, for example, a clear, unequivocal statement of a goal of a clean environment, that that is going to be that we are going to clean up the air and clean up solid wastes. And, really make that a strong national priority that is going to permeate all other Federal, State and local programs. Certainly, Federal programs, because that's all the Federal Government controls.

But, it has a pretty potent influence on them.

The same is true in energy. I think a strong national policy on conserving energy and reducing dependence on foreign oil in order that we can help our own economic well-being, as Dr. Holtzclaw pointed out this morning, the enormous investment, the enormous drain on our gross national product that it takes to support the inefficient public transportation system that we have.

The vision that I would like to see is some very clear, strong goals in the area of energy and environment. And then let those dictate how transportation policies should be framed.

But, I think trying to frame a transportation policy without that framework is extremely difficult. And what you get is a lot of individual interests competing for whatever money may be available.

But, until we say "This is what's important to us and this is the direction in which we want the country to move, now let's fashion our other policies within that framework," then I think we'll begin to see a shift.

But, until we're willing to do that, I don't think it's going to happen.

Mr. PETERSON. I think one of the frustrations here is the Federal Government did speak on clean air last year. There now is a clear vision on clean air for this country, but we're not prepared to step forward and fund the kinds of activities that are necessary to meet that goal.

I can tell you, just in the Los Angeles area, which has the worst air quality in the country, we know what we're going to have to do in order to meet those clean air requirements. Basically, we're going to have to move from an 80 percent mode split, 80 percent of people in their own automobiles, 20 percent in carpools and buses and trains.

We're going to have to move that from 80/20 to 60/40 over the next 20 years. That means, basically, we've got to double the transit system that we have in Los Angeles in terms of people taking buses and trains. And it means we're going to have to double the number of people that share rides or van pools or carpool. In order to do that, that's going to cost us probably $170 billion over the next 30 years.

And we know that, if we spend that money and move in a variety of different efforts that we're talking about, that we will accomplish that goal.

But, I think Alan's point is:

If the Federal Government has made that a priority and we agree with it, then the resources ought to be there to make that happen.

Mr. KIEPPER. And the frustrating thing is that, yes, there is a very fine goal in the Clean Air Act. But, here is a transportation policy which virtually ignores it and in no way attempts to translate those clean air goals into transportation policy.

That's the frustration. There isn't a coordinated effort that's mutually supportive of these goals.

Mr. PETERSON. Exactly. You mentioned there's three national goals. You mentioned two of them—the clean air and energy independence.

The third one that needs to be mentioned is our competitiveness, our economic competitiveness in the world economy. If that, indeed, is the Cold War of the future, we've got to make sure that our metropolitan areas can function and function effectively in that type of an environment.

So, every additional mile per hour of lost movement of people and goods in a metropolitan area results in lost productivity in this country, which puts us in a much worse position in terms of dealing effectively in that world economy.

So those are three major national goals that transportation, mass transit in terms of bus and trains, carpool, ride pool and improved efficiency on our highway system are absolutely essential to accomplishing.

Mike.

Mr. BOLTON. I think there's another issue. And it comes back to the whole question of ridership. It comes back to the people who are affected by the service.

I don't think yet that we've defined what that vision should be. We talk about serving our riders. We talk about providing service. And we do a pretty good job of that. But I don't think that we've really yet done the job that we need to in terms of explaining what the benefits of that are.

One of the things that amazes me when you go and look at Toronto, everybody that looks at Toronto just raves about how beautiful that system is, how well it's run. And they talk about the quality of life in that city, in that area.

You just sort of sit back and you look at the process that they go through to maintain that quality of life. They have a city plan that's this thick. And regular people take part in it.

You know, it's not something that's pulled out of some place. There's a focus on people. And somehow or another, if we can crystalize that message that what we're talking about here is meeting those goals and then turning around and also serving our riders and serving the people who live in our urban centers, or who live in our suburban centers, that becomes an interesting thing.

One of the things that I've been sort of amazed at is, and we did some focus groups with women in our community to find out why they didn't use public transit, it's rather interesting because child care is not near mass transit facilities.

There is a perception that when they get off the bus, they might be in an unsafe environment—not that the bus isn't safe, but when they get off, it's unsafe.

Has anybody noticed what Ford Motor Co. has been doing in terms of its advertising? Has anybody noticed what Oldsmobile has been doing in terms of its advertising?

I mean, they are targeting the women in this country as their target market. They're talking about getting that market into their cars. They're talking about trying to find a way to give those people mobility.

We have to find a way—and I don't know exactly how we do it yet, but we have to find a way to target that part of the market. We have to make our systems more user friendly. And we have to get people to understand that we are part of the solution, we're not part of the problem.

Let me give you just one quick anecdotal story. We had a situation where my son was called by a friend and wanted to go to the movies. And the friend said to him, "Well, my mom can't drive us. Can your mom?"

And my son, without batting an eye, said, "Well, we can take the bus."

And this kid said, "Well, I have to check on that." The next voice that my son heard on the phone was this kid's mother saying, "Can I talk to your mother?"

And this woman said to my wife, "Do you really let your son," who at the time was 12, "do you really let your son ride the bus? Is it safe?"

My wife said, "Yes, of course," et cetera, et cetera. [Laughter.]

And then only later did she explain what I did for a living. [Laughter.]

But, it's that perception. It's trying to get that message out as far as I can see.

Mr. GILSTRAP. I wanted to pick up on the discussion about the alternative analysis process. Most of us I think in the room know that that's a process that some of us have spent most of our lives on, trying to process projects.

We have to study everything, from doing nothing to doing all manner of options. And it takes months—years in some cases—for the project to be used, to stop projects, to redirect them, whatever the case might be.

I guess my question is are you proposing the alternatives analysis process be used on both highways and mass transit from now on? Taking into account the air quality requirements of the area and the land use plans of the area?

Because it would seem to me, when we're talking about an even playing field, we're not only talking Federal match, we're not only talking the flexibility issue of how much each of the programs is up for grabs to the others, but we ought to also be talking about the application of the alternative analysis process to a highway program.

You know, I live over here in Virginia where there's talk out on the street about making the Beltway 17 lanes or something like that. Maybe, it's 20.

Mr. MEYER. They're making it an odd number of lanes? [Laughter.]

Mr. GILSTRAP. I kind of, as a resident of Virginia, have those fellows stop and think of the impact of that idea on the air quality of the area. I'm just asking.

Mr. MEYER. Sure. In response to your question, I think that, certainly, in the context of what I would call the congestion management plans that would be applied on those certain areas, I certainly would argue that that process should include an alternatives analysis type of thing for which all different types of investments would go through that process, to say:

What is the impact on air quality?

What is the impact on congestion and everything else?

I think that certainly is—I think I used the term "generic applications". That's what I mean by that. Highway projects also go through a process, and it's called an environmental impact statement process. And that's my comment I mentioned earlier.

Mr. GILSTRAP. We have that, too.

Mr. MEYER. Alternatives analysis is kind of an EIS. And I know that there's still additional information. Not quite. But, it's still a lot of additional information.

Again, having been a State official in a State transportation agency primarily involved with highway projects, we also have to go—I shouldn't say "we", I'm no longer there—but State DOT's also have to go through a lot of process, which looks at air quality analysis, which looks at the impact on wetlands, which looks at archaeological and historical and cultural.

Mr. GILSTRAP. But, they always end up doing them.

Mr. MEYER. Since I was involved, the answer was that they were not built, actually, which may be unique. But I understand what you're saying. And the answer to you is, yes, absolutely, in the context I was talking about with regard to congestion management plans. I would definitely think the level playing field requires that similar type of applications of procedures and requirements.

Mr. FRANCOIS. Let me pick up on that because I'm one whose been through all sides of this. In the 1970's, I chaired Metro Analysis. And I'm also a county official and have been involved in a lot of highway projects over the years.

But, there's no mistake, Jack, there is an alternative analysis in place for any major transportation facility right now; whether it's an airport, a highway, a transit system, you name it, we're out there.

And, yes, many have been blocked. Many have been stopped in many places.

I think the process is good, and I think it needs to be comprehensive in the way it comes at it.

By the way, with specific reference to the Beltway issue, the Clean Air bill will demand that there be an environmental alternatives analysis on that before it will go anywhere.

I think it's good because the points Mike was making here, which I think go to the heart of an awful lot of our problems, we talk in terms of transportation technology, engineering, things that can be done. The public could care less. They want service. They want the kind of service that they want.

We've done a very poor job of explaining to the public what the options are and what some of the gives and takes are in getting service.

And an alternatives process, properly carried out, can help do that because you get into the neighborhoods and you talk with the people:

> And these are the options we have, these are the kinds of densities it will take to make this work. Are you willing to commit to the higher zoning densities that we need along a rail corridor to produce the number of riders that it will take to sustain that. Are you willing to commit to changes in your zoning ordinances to encourage economic activities within range, walking range, of your home?

That's a lot of education. Alternatives analysis can help do that. But, it also takes leadership. I think this is where the national goal comes in. The environment, the energy, efficiency—I would put the third "e", which is really competitiveness—are all visions that have to come from the national level.

But we've got to change the way people think. That is our basic problem with all kinds of transportation services.

And that's very hard to do. We also have to accommodate the different lifestyles people have, and that's hard to do.

When we have two people or three in a household working, which is very typical these days, going to different destinations and the probability that they will move once every 5 years and change jobs once every 3 years, it's hard to put together that relationship between destination and origins that we used to have back when life was a lot simpler.

So, the transportation process has to take this into account, too, so it's a whole lot of things. But, to my way of thinking, alternative analysis and planning and citizen involvement, so that they know what the options are.

Mr. HOLTZCLAW. I would like to second what Francis has said about those and about the need for public education.

One start on that is to develop the vision we've been talking about so that people have an idea where they're trying to go. I think all transportation projects should have alternative analysis and they should be comprehensive in at least two dimensions.

One is that we include all of the impacts, that we include land use impacts, energy impacts, all the impacts that the transportation alternatives will impact. Include all those in the analysis.

Second, that it be geographically comprehensive enough to be able to really define alternatives. We shouldn't be evaluating an airport as just that airport or that regional airport. We should be looking at how people get from the D.C. area to New York to Chicago to other parts of the country, and looking at high-speed transit, high-speed rail as an alternative. Not just flying there and saying, well, we're going to have so many landings and takeoffs. We have to provide for them.

So, it should be geographically comprehensive, too.

Mr. MEYER. I just want to say one quick thing before we go back. I agree with what Frank has said and what John has said. But I would also expand it to a third issue, really. And that's how you define alternatives.

If there's one thing I hope I convey to you before we depart here, I'm a relatively young man, I think—at least, my wife tells me that. I tell her to tell me that.

But, I've been around enough to have watched the transit debate for at least 10 or 15 years. And I've come to the conclusion that just putting out a bus line or just putting in a rail line or just doing this is not it. You need to do that. That's part of the process.

But, to me, it's the complementary policies people must wring their hands about. If we put in a bus line, we put in a rail line, and we still have free parking. You're not going to get people on the transit unless you do something on the other side.

I happen to think one of the more interesting concepts that's floating around is called the travel allowance, or the transportation allowance, where, in essence, you say: "All right, you're going to be charged $100, or we're going to give you $100, but we're now going to charge you $100 for your parking space. You make the decision whether you want to spend $100 on that parking space or, in fact, you could not take a bus for $50 a month and you can save $50."

You're getting it right where it hits them—in the pocketbook.

Complementary policies with regard to land use. I don't know how you put this into a Federal context because a lot of these issues, obviously, are very local.

But, it seems to me that unless you really somehow get a handle on those complementary programs, those complementary policies, there's other things. They're going to be here 5 years from now or 10 years from now or 15 years from now, in the year 2010, with Federal transit legislation saying:

What is it that we can do to get transit ridership.

But I think it's going to be the same conclusion.

The other things are probably as important, if not more so, than having additional services out there.

PARTICIPANT. You preempted my question. I was going to ask what is the role of citizen participation in all of this. But, having said all these wonderful statements and that there is a need, I don't see any of you when you came out and gave your presentation advocating that sufficient funding be there to involve the population.

Somehow, some level higher is going to do it all. And, yet, you're expecting the users and the public to pay for it.

The only way they will do that and support it is if they're educated enough to understand it from day one. And I didn't hear anybody even addressing that. We all say the nice things—"God, flag and motherhood."

Mr. FRANCOIS. Let me just expand a bit. When I talk about a strengthened and larger planning program, that's part of what we mean, we need to have more involvement out there. I see that as part of the planning process, and funding for planning needs to be more than it has been.

Mr. MEYER. I absolutely agree with what you say. Implicit in all my comments about planning and MVO participation is absolutely the role of the citizen in public involvement.

Mr. PETERSON. Alan, how do you feel about citizen involvement on fare increases?

Mr. KIEPPER. We don't have any difficulty getting citizen involvement on fare increases. [Laughter.]

PARTICIPANT. The Administration says they want to shift the responsibility more to the local areas.

Are there ways that State and local governments could be doing more to support transit in the current fiscal constraints. And are there ways that the Federal Government could encourage States to do it?

Mr. PETERSON. Let me just take a shot at that first and invite others to join.

The reality is that that's exactly what's been happening over the last 10 years. The Federal share of support for public transportation has not increased in absolute dollar amounts. It has actually gone down in real dollar amounts over a 10-year period.

At the same time, local and State governments and the passengers have been picking up the additional costs necessary to operate the system as well as expand the system nationwide.

This is at the same time that local governments are having major fiscal problems, State governments are having major fiscal problems. Yet, if you look at the track record, the public has said that they're willing to spend money in this area.

I can just tell you in California's example over the last year, in June, the people of the State of California passed propositions 108, 111 and 116, which provide an additional 9 cent gas tax over the next 10 years, which will provide an additional $18 billion to refurbish and replenish not only the highway, but the mass transit railroad network in the State.

And then, in November, on the heels of that, many local areas passed local option sales taxes to further expand the transportation systems in those areas.

Now, that's just one State. And I can't remember the number. But, there's something like 28 States that have increased their gas tax in the last year or two.

Frank, you may know better than I. But, the point is that what you're talking about is absolutely what has happened, in fact. And I think that the issue we're presenting here today is that we've heard the message from the Federal Government. We've done our job.

Now, the Federal Government, which is a partner, an important partner in this whole effort, has to re-up their investments just the way we re-upped it at the local and State levels.

The Federal Government has to continue to be a partner because putting all these needs together, the additional funds necessary are phenomenal. So we all have to contribute more in order to make it possible.

Does anybody want to add to that? Mike?

Mr. BOLTON. We've got 43 systems in Michigan that have local taxes, tax bases to support their systems.

My community, for instance, 10 percent of our operating budget comes from the Federal Government. Forty percent comes from the State. We have the ability to take a property tax that would be in excess of 50 percent that we would need to match any of those funds.

The problem is that, when we look at it for our purposes, we have a problem on the capital side. The State of Michigan right now, with the gas tax that we have, we have a dedicated gas tax formula that cranks out about $120–130 million a year for transit in the State of Michigan. And they're still looking at a $20 million shortfall for next year.

So, one of the things we sort of say kiddingly is that, if the Federal Government takes one more step back from this program, we're the ones that go off the cliff.

Mr. KIEPPER. As Mike was mentioning, it's the complementary policies of land use, zoning, et cetera, that can really make or break a transit system as to whether it will be successful. That's particularly true of rail systems, fixed route systems and those are controlled at the State and local level, in some States, on a regional level.

Many States have set up regional planning commissions that deal with whole regions of the State.

Therefore, in many respects, the States can have a much stronger influence in whether transit plans are successful than can the Federal Government.

I think the Federal Government ought to set the general national goals in the area of energy, environment, economic competitiveness or efficiency, as Frank says.

But, when it comes to taking it down to the next level, developing the plans and then the complementary supporting issues of zoning and land use, that's where the State and local governments can come in. And that's an essential component. That's in large measure what we haven't had.

Many new transit systems have been built without those complementary policies, and it's one of the reasons they've had a difficult time.

Mr. FRANCOIS. Let me just pick up a little bit more on this funding issue. You might be interested in this survey which will give you a lot of the detailed State information.

To summarize a little of it, we're now down in 1990 to where there are only seven States that do not provide some assistance to transit. Three years ago, there were 16 States. Three years before that, there were a lot more than that.

So, States are getting more and more involved in funding transit.

As to what the Federal Government can do, one of the things it can also do, I believe, is liberalize the mixed use concepts and the ultimate use of transit properties.

There's an awful lot of revenue to be gained out there and they would get the right kind of development in the right place. If, in Washington, for example, we can build structures adjacent to or take revenue from them with respect to where our metro stations are, we have a lot of private development in a number of instances, there is no direct benefit to metro as a result.

There should have been, and we should have been able to capture some of that benefit. So, yes, there are some policies the Federal Government can change that will bring more private dollars on to the scene.

This issue of land use is probably the single toughest nut we have. There are some States, as many of you here know, who even talking about land use is a hanging offense.

In others, we have some very complicated planning processes. I don't think the Federal Government can or should override those processes. You've got some rate problems between State and local governments, enough without putting the Feds into demand that they exchange. But, they can certainly demand that you show you have policies in place that will assure the ridership that you've said you're going to have on this line.

And there are ways of doing that. And that will encourage local jurisdictions to do things.

The mayor of Houston was here. That's one of the American cities that does not have planning and zoning, but they're fairly effective in guiding development through other processes out there, as Alan well knows.

So there are ways this can be achieved even in those States where you don't want to talk about land use planning itself. But land use planning and zoning can be a very effective tool. And many of our urban problems are in the States where those tools exist.

We need to tie them together.

Mr. HOLTZCLAW. On to the funding of transit, in California, under pressure from the State Clean Air Act, as well as congestion management relief pressures, we are looking at various types of user fees on motor vehicles, including parking fees, smog fees, increased gas taxes even more, time of day congestion, pricing, things like that, which could provide substantial amounts of revenues to improve transit as a part of the program for cleaning up the air or reducing congestion.

Some of these require new State legislation. Some of them don't. So there are those kinds of possibilities, too. They also provide an incentive not to drive so much.

PARTICIPANT. I have a question about institutions that I guess any of you might have some information about.

And that is, in order to have a vision and to implement vision and to really make changes to increase the ridership on transit, to increase services, yes, money is very important to do that.

Also, there is a possibility of shifting money now even more than we've had in the past. But, at the State, region, land local levels, can we do that with the institutions that are now in place? Or, do there need to be changes there? I guess, specifically looking at the MPO's and your planning structures.

Can they accommodate to do the job?

Mr. PETERSON. Who would like to take that one up?

Alan?

Mr. KIEPPER. I think some have demonstrated their ability to do that. I worked for many years in Atlanta, and I think the Atlanta Regional Commission is probably an example of one of the best and strongest metropolitan planning agencies.

When the rail system in Atlanta was being considered, the MPO sponsored a study that involved the development of three scenarios with various levels of highway and transit in various combinations.

Those were publicly discussed by elected officials and by citizens. And there was a conscious choice as to which strategy would be followed. And that strategy has, in fact, been followed by the Georgia Department of Transportation and the Metropolitan Rapid Transit Authority in developing complementary systems.

And I think Atlanta probably has or soon will have the best urban transportation system, all things considered, in the country.

That wouldn't have happened without the Atlanta Regional Commission. It has strong legal powers and competent people. So that's an example where it has happened, and it can happen.

In other areas, there are either no really effective—well, I guess every area has an MPO, but some of them really are in name only.

I really think that's an essential ingredient. And where there are MPO's that aren't strong, then I think they need to be strengthened as an important step in accomplishing the kinds of things we're talking about.

Mr. MEYER. I must admit I'm in a state of shock from that comment. I'm familiar with the Atlanta Regional Commission and I certainly wouldn't consider it one of the strongest in the country.

They've done some good work.

Mr. KIEPPER. They certainly were back in the late 1960's and early seventies. Maybe they've gone to pot since I left. [Laughter.]

Mr. MEYER. I didn't say they went to pot. I think of the MTC in San Francisco and the Met Council in Minneapolis are kind of some of the strong ones. But let me just say one comment on that.

As a State official in Massachusetts, which is a very different situation than other States, of course, but the MPO's up there have a very strong State presence. And the structure up there, I thought, was extremely effective in that the so-called implementing agencies or the operating agencies were directly in with the MPO.

The situation where you have a group over here doing planning and implementing people over here doing implementing. And hoping that they talk to one another, or the plan that these guys are coming up with will have some influence on what these guys want to do I think is a formula for some real serious problems.

If there is to be a reexamination or a rethinking of the MPO, I'm hoping that whatever comes out of it does, in fact, bring the groups closer together.

I think that's the only successful way of really having an influence on regional transportation, of getting everyone together rather than just talking, actually have some linkage in terms of decisions that are being made.

Mr. FRANCOIS. Three comments on this.

One, I think the clean air legislation last year and the transportation planning clauses does cause a much strengthened MPO over anything that we've seen before; assuming the MPO doesn't work, maybe some other organization would.

The second one I would make, that the administration's bill does have in it in its flexibility requirements a much stronger urban planning process than any we've seen before that will be forced to take into account some of the things that we've talked about here. And that reinforces the Clean Air bill in those areas that are not named areas, and other places also.

Third, are there obstacles?

Yes, there are in some States. For example, there are many States who do have a total dedication of highway user fees to the highway program. In some of those States, it's constitutionally prohibited to spend those dollars for other than highways.

In those States, some other funding mechanism will have to be found. And when you get into matching dollars, and Federal mix-match programs are the kinds we're talking about, that's going to be a problem.

There are similar things like that on local government in some cases. So, yes, there are a lot of problems that will need to be worked out. It's going to take a few years to get from here to there.

But, without a mandate to get from here to there, it isn't going to happen.

Mr. PETERSON. Let me bring this session to a close. We promised we would quit at 12:30. There's two housekeeping announcements and then I want you all to thank the panel.

First of all, everybody is encouraged to join Brian Clymer and his staff down in the Senate buffet downstairs for lunch. There's a map in your folder. There will be guides along the way to help you get down there. It's my understanding it's an open, free-flowing discussion type of situation.

Second, to remind you that this hearing will reconvene at 2 o'clock, with a panel focusing on the structure of the reauthorization bill itself.

I want to thank all the panel members for participating, and I think we all want to give them a hand.

[Whereupon, at 12:35 p.m., the hearing was recessed, to reconvene at 2 p.m., this same day.]

AFTERNOON SESSION

Senator CRANSTON. The symposium will return to order. I'm here for the purpose of launching the afternoon symposium on the topic of how should Congress accommodate the varying needs of all systems in structuring reauthorization of the Urban Mass Transit Act.

I regret I cannot stay for the full discussion. I have to go to a meeting of committee chairmen with the majority leader on the budget, which is a rather relevant matter. I hope to be back around 4 o'clock to help wind things up.

I now will introduce the leader who will head this symposium, Bill Millar. He has been executive director of the Port Authority of Allegheny County since 1984.

During his tenure, the Port Authority, the Nation's twelfth largest public transit system, has experienced growth and improvement in a number of areas.

Among his achievements at PAT, Mr. Millar has been instrumental in obtaining more than $1.3 billion in funding for projects, including busway and light rail systems, as well as for purchase of more than 700 new buses, the rehab of five bus garages and a main shop and for general PAT operations.

Prior to joining the Port Authority in 1977, Mr. Millar was employed by the Pennsylvania Department of Transportation where he developed and managed Pennsylvania's Free Transit Program for senior citizens funded by the Pennsylvania lottery.

In 1987, Mr. Millar received the Jessie L. Hall Award as transit manager of the year in North America.

In 1986, he was nominated to be man of the year in law and government by Pittsburgh and served as the Chairman of the Strategic Transit Research Study for the National Academy of Sciences.

Bill serves on the Executive Committee of the Transportation Research Board, the Pennsylvania Association of Municipal Transportation Authorities and the Three Rivers Labor Management Committee and the Board of Directors of APTA.

In his free time, Bill likes to travel and sail with his wife and son on, "the mast transit".

With all that background, Mr. Millar should be able to help us resolve all of our problems. It's a pleasure to be able to introduce him.

STATEMENT OF WILLIAM MILLAR, EXECUTIVE DIRECTOR, PORT AUTHORITY OF ALLEGHENY COUNTY

Mr. MILLAR. I'm afraid, with all that background, there isn't time to solve all the problems. But, anyhow, thank you, Mr. Chairman. We certainly appreciate the opportunity to be here today. And I, again, want to thank both you and Senator D'Amato for the opportunity to appear here.

Our session this afternoon is to focus primarily on the structure of the reauthorization bill, exactly how it might look, ideas on how we might improve its efficiency and the way it functions. And I think many of the ideas that we heard this morning, if they're to be implemented, obviously, they've got to fit in to this structure.

We have a very distinguished panel with us today that you'll certainly be pleased to hear from as the afternoon goes on.

As was the case with this morning's panel, we have a couple of papers that were prepared ahead of time. Those papers were distributed to the other members of the panel, and those other panelists then are going to comment on those papers. And I'm sure add a few of their own thoughts as we go through it.

My plan is to introduce each of the panel members as we go along, as opposed to doing it ahead of time.

I also would hope that we would hold questions to the end, in fairness, so that we make sure that we give each of our panelists ample time to convey their ideas.

So I think it will be a good afternoon. We're supposed to be out of here by 4, and we will obviously try to do that. But, obviously, when we get to questions and answers, I hope that will be a lively session and a good session and we'll participate with you.

Well, the opening paper was prepared by myself with the assistance of Art Gazetti of my staff, and our paper is entitled, "How Should Reauthorization of the Nation's Surface Transportation Act be Structured to Best Accommodate the Varying Needs of all Transit Systems."

I know copies of the paper are available. I don't intend to read the paper, but I do intend to go through the paper with you and at least catch what I think are some of the highlights of the paper.

Following my paper then, the other paper that was prepared and distributed will be discussed by Jim Cowen, its author.

With that, we'll get underway.

Since I've been in Washington this week, I understand that virtually everything that one does of a major nature has to be preceded by the words "Mother of" it seems for some reason. There's an old saw that I think applies to the development of the Federal transit program. And, unfortunately, it has those words in it.

So, forgive me, but I think our transit program has really been developed through the process of necessity being the mother of invention.

I want to spend a few minutes with you going through the development of the Federal transit program and try to identify some of the key items, key moments in the long history, now exceeding 30 years, of the development of our current policy.

I think it's important to understand where we're going and then, toward the end of my paper, I intend to talk about a few ideas that I think need to be, quote/unquote, "reinvented" and put into this year's bill.

Well, the Federal aid program, and, really, the first use of Federal dollars for public transportation really goes back to the late 1950's.

At that time, the city of Philadelphia was able to use some Federal money to actually assist the Pennsylvania Railroad in some of its activities.

Also, in 1958, a Federal act, the Federal Railroad Act of 1958, changed some of the rules by which commuter railroad companies could abandon commuter rail service. And that really began to bring home for many cities and for the Nation the problems that were going on with the underinvestment that was occurring in many of our Nation's commuter rail lines.

It also led to a series of abandonments. And then a couple of models of what to do about it began to emerge. New York State and New Jersey began to produce subsidy programs to the railroads to try to keep the lines in place. But, many others began to look at the Philadelphia model rather than at direct operating subsidies and, instead, looked at assistance in capital grants.

And so a process began really very early in the late 1950's of planning this idea of grants of availability on discretionary programs, of focusing on the Nation's rail system.

I think another significant event was that here in Washington, the Public Works Committees, the committees that traditionally had jurisdiction over, let's say, highways, as the discussions began to emerge about what to do for Federal aid for public transportation, really didn't see their role as dealing with public transit.

As a result, there wasn't much interest in it initially by the Public Works Committees. In fact, the reason that we're at the Housing and Urban Affairs Subcommittee really stems from the fact that the effort to put Federal aid in for urban transit was seen as a dimension of urban renewal activities, which were under the jurisdiction of this particular committee.

So, here we are almost 30 years later, and I know some in this room are barely 30 years old, so you probably wonder how we got here. Basically, that was the start of that.

So it really had these orientations toward urban development, urban renewal, urban growth, those types of things.

I think there's a third set of events that have really flowed from these first two ideas, and that was, from the very beginning, there was a very strong emphasis on new construction and a very strong emphasis on urban rail. That is something that has certainly been a part of the program since the early parts.

I think the first real major breakthrough in Federal aid transit legislation came in 1961. A relatively small program, a $50 million authorization for low-interest loans, and a $25 million authorization for demonstration projects in crafting solutions to urban transportation needs.

These were made a part of the Housing Act of 1961 and they really set us on a road that we are still traveling on, so to speak.

Also, these programs, while the impetus may have come from urban rail transit and urban commuter rail transit, in particular, they were set up to be broader in their scope and to be very much tied in with the renewal of our cities.

I think the next big event came in 1964 with the passage of the Urban Mass Transportation Act of 1964. Again, a lot of interests began to coalesce very much related to saving, quote/unquote, "the existing urban transportation systems," very much oriented toward improving the cities and the mobility of cities, and those types of things, as well.

Initially, there was a two-thirds Federal share involved under the UMTA Act. That was when projects were based on a local planning process that was supposed to integrate the automobile highway system, so to speak, and urban transit.

There was also a provision at that time for 50 percent grants where those planning requirements hadn't been met. But, for

which there were emergency justifications that there needed to be an immediate grant.

So, by the 1964 program, a lot of the things that we know today were already in place. And, really, since 1964, we have been inventing and, if you will, reinventing, the programs ever since.

And I wanted to hit a few highlights along the way. By 1966, the funding level for the program was increased. A new provision was added there that allowed us to buy new equipment and to acquire the assets of bankrupt private companies.

There was a strengthening of the planning requirements that were involved. We began for the first time to include things like management, training and research activities. Also, in 1966, of course, a new department was established, the Department of Transportation, though, interestingly enough, it wasn't until 2 years later that the urban transit programs were moved to the Department of Transportation.

By 1966, UMTA was created in the Department of Transportation so that, at least on paper, we had equal status between the highway program and the transit program. And I think really, by then, it was clear that transit and Federal aid transit was here to stay.

Other milestones, by 1973, we began to have the provisions of some flexibility between highways and transit with some very early provisions allowing for urban systems funds. And the beginning of the interstate transfer program.

Also in the 1973 act, we saw the increase in the Federal match from some two-thirds to 80 percent funding.

By 1974, the Operating Assistance Program was established. And, by 1975, we saw our first $1 billion funding level in the program.

In 1977, we began to see an emphasis on rural and small urban and they became eligible for certain kinds of operating aid.

1978, again, another milestone. The Highway Program, which had been separate legislation, and the Transit Program were brought together and we had a single Surface Transportation Act for the first time.

I think the next really radical change in the program came in 1982. A number of things happened at that point. That was the arrival of the one penny of the gas tax for transit discretionary grants. We saw a strong shift toward formula grants. In fact, block grant was the word of the day.

I can remember testifying before this committee at that time and being assured that, if we could just move to a formula, just put it in a block grant, all the redtape would disappear and we'd have all the money we needed to solve our problems.

I don't think that's occurred, but that's what was promised at the time.

The emphasis on formula was reinforced by at that time also a change in discretionary from 80 percent grants back to 75 percent grants.

So, now you saw a differentiation between formula at 80 percent and discretionary grants at 75 percent grants.

We saw at that time the transit industry struggling hard to come to a consensus on the various modes and the famous 40/40/10/10

split among the older cities, the new starts, the bus categories and further discretionary came into place.

Of course, in 1982, the operating caps were added, which limited the ability to use funds for operating assistance.

And, finally, the notion of an incentive tier was put in place to try to steer the money, I would argue, to the largest transit systems and, at least in theory, the transit systems that were most efficient in using the money.

Throughout the 1980's, the programs struggled to some degree. By 1988, the Surface Transportation Assistance Act had a number of other changes. We saw the concept of blending introduced so that, instead of just cities and transit systems that were receiving discretionary grants benefiting from the gas tax, we saw the ability to have some of the money go out on a formula basis.

We saw a mechanism instituted to allow the growth and the operating assistance for the smaller urbanized areas and for the rural areas at that time. However, for the largest areas, they were not only capped but continued to decline.

We also saw enough strength in the program in 1987 so that the Congress, when it became necessary, was successful in overriding a Presidential veto. I think, for many of us, we became of age in the sense of knowing that our support was not only wide but had some depth to it.

And, certainly, there are many other things as well that we could have talked about. But I think those give you at least some of the highlights over the period.

By hitting these highlights, I think a number of things become clear. We've seen an evolution of the program. We've seen a lot of things in the program change, like matching ratios over time.

We've seen emphasis in the program. We've seen a broadening of the program, bringing in the small rural and urban areas, a move away from pure discretion to formula assistance.

And I think those are themes that have continued today. And I think you could pretty successfully argue that much of the Administration's proposal embodies many of those characteristics that I've just spoken about.

Well, as we look ahead to the coming year, what really do we need to do?

First, I think we need to realize we are looking at a mature transit program and a transit program that, in many ways, has had many successes. I think it's very easy at times like this to say what's wrong with the program and forget just how good the program has been.

Many cities, my own included, have many fine transit facilities today that we simply wouldn't have had had it not been for the strong Federal input.

So I think a lot has happened. A lot has been good. The question really before us is:

Do we throw out all that has come before us? Or, do we continue this evolution in the program through this reinvention process that I've spoken of?

I think, in fact, that's what is going to happen.

Well, I do think, in deciding how to move forward, we've really got to decide what it is we want out of our program. I think, in

talking about structure now, to get to the theme of the afternoon, I think there are some things we really need to decide.

We heard this morning about the need to be clear in our goals. And I want to emphasize that one. I think that our program must include a strategic investment in infrastructure. We've got to understand how important that is.

We, of course, want as much as we can to have an efficient and effective use of Federal dollars. We want to emphasize mobility, it seems to me, and mobility for all our citizens regardless of where they tend to live or what their age group is or whatever other way we might want to cut them.

I think we have to have a continuation of underlying principles of local decision-making. We also have to recognize how important transportation is to so-called nontransportation values that we hold, like economic development and economic revitalization.

Also, as was mentioned this morning, we've got to emphasize the Congress has recently legislated a number of important national priorities. Energy they're going to be looking at this year. Clean air, they resolved last year, or at least made good progress on last year. The ADA bill, and on and on.

We have to recognize that the transportation program must reinforce the national goals that the Congress has already set. It should not be setting those goals over here and considering transit over here.

In short, I think that the program structure then must reasonably reflect what our President might call The Vision thing, if he were here.

I think a second item that we must work on is to get a structure that's clear and understandable. Many of us who worked both on the 1982 bill and the 1987 bill, that bill has just gotten thicker and thicker and thicker and, in a time of declining resources, a lot of that was because, frankly, we're just shifting around the bodies on the Titanic, to some degree. And I think we've got to look at it and see can we simplify some of the complication that is in the bill today.

If the basic themes, moving to formula, for example, and things like that, can we make that a little bit simpler so people can understand it and we really know what it is that we're buying into.

Finally, I think we have to recognize the reality that we've got a broad spectrum of interests to satisfy. We have to pay attention to our old versus new, small versus large, rural versus urban, et cetera.

But, we also have to be sensitive to the stakeholders that are already there in certain of our programs.

We have a long road that brought us here. We shouldn't throw out everything that has gone on before.

Well, let's take a look at the administration's proposal for a moment in this regard. I think many of us last year were very interested in the national transportation strategy that was put out. I think some of the speakers this morning referred to that as a sense of vision, something that a lot of us were really very pleased to hear.

There were good thoughts there. There was a recognition for the need for increased investment in transportation. There was a lot of

good discussion about flexibility between the various modes to make the best investment decisions. A lot of need to integrate land use and those types of things.

Regional development policies and, really, for the first time that I can remember in a long time, a recognition that this is a business of people and for people. It is a service business run by people and we've got to find ways to invest in our human resources and to carry out research to do our jobs better.

So I think there is a lot of hope in the administration's transportation policy, but I think, as was said this morning, alas, at least the reauthorization proposal is certainly lacking in a lot of these areas, areas where I think it important that we move on.

We've got to emphasize the issue of moving people, not vehicles. I think anyone who has looked at the administration's proposal recognizes that there is a continuing bias that somehow it is moving vehicles that is important, not moving people.

In this regard, I think we also have to recognize that, if we are going to make tremendous investment in public transit, we've got to have the money to operate those systems correctly and to maintain them properly in order to get the best value out of them.

So, certainly, operating assistance is another issue that we've got to look at.

We've got to look at issues at the so-called level playing field and there are lots of ways we can look at that. The obvious ways are the relative levels of funding and the matching shares.

But, again, as was highlighted this morning, things such as what is the planning process required to get a major transit investment versus a major highway investment?

Where can we simplify both systems so that we get good, sound planning decisions, but we also get projects built in our lifetime to benefit our citizens for the money they've already paid?

I think a lot of effort has to be gone into that particular part.

Well, it doesn't take a genius to see that over the last several months and, indeed, the last year, many interest groups have been looking at this issue and we're starting to evolve into really two kinds of major categories of programs.

First, a reinvestment in existing transit services and, second, a notion of a metropolitan capacity expansion program.

I think we ought to think about that, too. Is it just a metropolitan expansion program, or do we need to think in broader terms? Public transportation in its broader arena? Or, really, a statewide expansion program.

That's easy to see in highways. And we've mentioned that with the highways of national significance. But, how about intercity rail or other forms of intercity transportation?

So we may need to broaden that concept there.

With regard to the reinvestment program, I think it's pretty well accepted that that can be done very largely through a formula program. And I think those formulas need to be tied as much as they can to support a good level of reinvestment in the very, very large plant that's already in place.

I think the formula that's similar to what's in section 9 is probably going to be agreeable to everybody. Maybe, somebody will

have some good ideas on that, but I think, generally, that probably is.

I think also the notion of trying to reinforce the local jurisdictions and their abilities to make good decisions is part of this. I think we want to stress the principle that, hey, we don't care which capital project goes forward so long as it's locally decided and supports the local goals that are necessary in that particular community.

I think it's also though going to mean putting more emphasis on human resource development. The late 20th century technology is hitting my transit system like it is everyone's transit system. Yet, basically, we have a work force which we have not invested in training. We have not invested in human resource development. That is, approaching microchips with a pair of pliers and a screwdriver. And it just isn't going to work.

So we're going to have to put a lot more work into training and human resource activities I think in this area. I think we've got to recognize that that's going to happen.

We're also going to have to maintain operating assistance. It seems in the last several years we're operating down here on what I'll call cash crunch economics. That leads us, unfortunately, to extremely short-run decisions and some of the so-called niceties can vanish as a result of that.

I think that we need operating assistance at all levels. I think that there is no policy justification for eliminating it for one level of system and maintaining it for another.

Finally, it just doesn't make common sense for me to say it's okay to spend a dollar on a capital improvement, but it's not OK to spend a few extra cents each year to maintain that capital improvement or to utilize it in the way to get maximum benefit.

Certainly, speaking as a relatively large transit agency, I want to dispel any notion that it isn't important to the large guys. Yes, it may only be 5, 6, 7 percent of my budget, but that's still $9 million and not $9 million that I happen to have laying around to substitute any time soon.

I think another area that hasn't gotten enough discussion is the whole matter of the Nation's bus fleet. While it's fun to look at the rail systems, and we all love that, are all very fond of new technology, the reality is that, in most communities across America, the bus is, and will be for the foreseeable future, the backbone of the transit system.

Yet, we put very little money into developing improvements in our buses, very little money to making sure that that bus fleet gets turned over on a timely basis.

So I think we're going to have to move that along very, very quickly. I think particularly that's going to be important for the mandates for alternate fuel vehicles. And we're going to have to work hard to invest in that to get as much experience as we can to get over whatever learning curve there is in that particular area.

Supplementing this reinvestment program, obviously, major capacity expansion. Again, I think it's clear that we hope to see an expansion of our systems. I think here the principles ought to be that Federal dollars come in with as few strings as possible so that local people can make proper choices between reinvestment or ex-

pansion of the highway system, expansion of the public transit system.

I think that we ought to make sure that the law allows for the substitution easily of public transit projects for road segments where that makes sense.

I would argue that, where you substitute a transit project for a road project, then the funds that are going to be used for the road project ought to be used in the transit project and not get into the situation we got into in interstate transfer, where you could withdraw the highway segment, but then you had to get in line for general funds to actually fund the projects, delays that cost years and years and hundreds of million of dollars when you look at it on a national basis.

Finally, I think these investments are national in scope in importance and should be provided on an 80 percent basis.

There may also be a need though for a continuing discretionary program, but it has to be much smaller than it has historically been. An area that is near and dear to my heart, and I've already mentioned it several times and I'm going to mention it several more before I'm done, is this whole area of research and development, particularly human development. I want to particularly commend Brian Clymer. I think the administration proposal to set aside a particular percentage of the program in this area is absolutely important.

I would argue that at least 3 percent of the total program needs to be set aside for these type of development activities. If we don't do this, the innovation in our industry, which I believe is already stifled by the various bidding requirements and buying requirements and everything else, will be further stifled if we don't do any kind of research in our community.

Finally, I think, in this regard, we've got to do what we can do to minimize the redtape. Yes, we all understand the need to meet many of the national goals with regard to environmental issues, historic preservation issues and all the other things. But, we must find ways so that we can move projects along rather quickly.

I think, in this regard, we also have to make better use of the private markets. I think we've got to look where Federal grants could then leverage private money. I think we ought to look at the whole matter of advanced construction.

Today, the advanced construction program for major projects is not as useful as it could be and, yet, there could be a real savings here. I know in our light rail program, which ultimately had a price tag of about $540 million, the investment bankers tell us they could have saved us about $63 million if we could have pledged our Federal grants and gone into the bond market much earlier to obtain the funding there.

Never mind the fact that it would have been on stream 3 years earlier for use by the public. So I think we need to do that.

So, those are some of the ideas, none of them terribly revolutionary, I'll grant, but ones that I hope are organized in a way that they can be of some value.

I want to turn before I close to the issue of being sensitive to some things that are already in the program and some of the existing stakeholders. For example, the Rail Modernization Program.

To some degree, we come full cycle with where I started my history a few minutes ago. The program began as a program to rehabilitate existing systems and, unfortunately, after the 30 years of Federal involvement, we're not done with that job.

Yet, we have so-called new rail systems that are starting to get older and they have reinvestment needs. We've got to find a rational, reasonable way to meet both legitimate needs. We should not rob one to fund the other, in my opinion.

I think some kind of hold harmless is going to be necessary, particularly for the older rail systems, to make sure that their job can be done, just as with the Interstate Highway System. Those last few miles have been difficult miles to build, but nobody ever questioned the need to build those last few miles.

The same thing on the old rail systems. And, of course, we have the issue of the 1990 census and I think we've got to be careful that in the decade of the 1980's, we saw major changes in the national economy that led to population shifts in communities such as mine, which lost 125,000 population over the 10-year period. It didn't reduce the need for public transit.

And so we have to make sure that, while we shift the resources to growing areas because they have needs, too, that we not forget the older areas as well.

Finally, and sort of the bottom line to the whole thing, is something that I reverently call the Fred Burke Principles. We've got to add more money to this whole pie to make all these things possible and make the program sing.

I think the gas tax is a logical source for the expansion of the program. However, I don't think we should get rid of the general fund. Speakers before me this morning have explained the problems if we eliminate the general fund, so I think we're going to need both general fund and gas tax money in the future.

I think that we needed to greatly increase the size of the program. I think we ought to set our sights on a minimum of $5.5 billion in the first year, rising to $11 billion as we go on.

I think all this is possible that I've outlined. It will take some creative reinventing, but I think it can be done. And I think it's important that we, in fact, do it and working together, I'm sure that we can.

[The complete prepared statement of William W. Millar follows:]

HOW SHOULD THE REAUTHORIZATION OF THE NATION'S SURFACE TRANSPORTATION ACT BE STRUCTURED TO BEST ACCOMMODATE THE VARYING NEEDS OF ALL TRANSIT SYSTEMS?

BY
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SUBMITTED TO THE

SENATE SUBCOMMITTEE ON HOUSING
AND URBAN AFFAIRS

NATIONAL MASS TRANSIT REAUTHORIZATION SYMPOSIUM
MARCH 13, 1991

41-777 0 - 91 - 6

THANK YOU AND GOOD AFTERNOON. ALTHOUGH SADDAM HUSSEIN HAS MADE ME RELUCTANT TO USE ANY ANALOGY WHICH INCLUDES THE WORDS "MOTHER OF", I FEEL COMPELLED TODAY TO RECITE THE TIME-HONORED AXIOM: NECESSITY IS THE MOTHER OF INVENTION. I CITE THIS RATHER VERSATILE MAXIM BECAUSE I BELIEVE IT OFFERS A BIT OF INSIGHT INTO LAWMAKING. OF COURSE, THE PROCESS WHICH TAKES ONE FROM NEEDS STATEMENTS TO PUBLIC LAWS IS NEITHER AS SIMPLE NOR AS PROFOUND AS THAT PHRASE. BUT ONCE WE UNDERSTAND THE NECESSITIES IT WILL THEN BECOME CLEARER JUST WHAT IT IS THAT MUST BE INVENTED IN ORDER TO SUCCESSFULLY REAUTHORIZE THE FEDERAL SURFACE TRANSPORTATION PROGRAM.

WITHOUT DWELLING TOO MUCH ON BACKGROUND IT IS NECESSARY TO TALK A LITTLE ABOUT THE PURPOSES, HISTORY AND POLITICS OF THE STRUCTURE OF THE FEDERAL TRANSIT ASSISTANCE PROGRAM AS IT HAS EVOLVED OVER THE YEARS IN ORDER TO SET THE STAGE FOR MY RECOMMENDATIONS.

IN HIS 1985 BOOK TITLED: URBAN TRANSIT POLICY: AN ECONOMIC AND POLITICAL HISTORY PROFESSOR DAVID W. JONES, JR. OF THE UNIVERSITY OF CALIFORNIA, BERKELEY OFFERS AN INTERESTING ACCOUNT OF THE EVOLUTION OF FEDERAL AID TO PUBLIC TRANSPORTATION. IN PROFESSOR JONES' VIEW, THE INITIAL PRESSURES FOR FEDERAL INVOLVEMENT CAME PRIMARILY FROM OLD RAIL SYSTEMS. INDEED, THE FIRST USE OF FEDERAL DOLLARS FOR PUBLIC TRANSPORTATION OCCURRED IN THE LATE 1950'S WHEN THE CITY OF PHILADELPHIA USED FEDERAL MONIES FOR ASSISTANCE TO THE PENNSYLVANIA RAILROAD. THE NEEDS OF COMMUTER RAILROADS WERE BROUGHT TO THE FORE BY THE FEDERAL RAILROAD ACT OF 1958, WHICH ALLOWED RAILROADS TO REDUCE OR ABANDON COMMUTER SERVICE IF IT COULD BE SHOWN THAT PASSENGER

LOSSES WERE IMPOSING A FINANCIAL BURDEN ON OTHER RAILROAD OPERATIONS. THE 1958 LEGISLATION TRIGGERED A MILD ROUND OF ABANDONMENT IN THE MID-ATLANTIC STATES. TO PREVENT FURTHER SERVICE REDUCTIONS THE STATES OF NEW JERSEY AND NEW YORK NEGOTIATED RESPECTIVE OPERATING SUBSIDY AGREEMENTS WITH RAILROADS. SIGNIFICANTLY, BIG CITY MAYORS AND OTHER INTERESTS CHOSE THE PHILADELPHIA MODEL - FEDERAL CAPITAL GRANTS - AND NOT THE NEW JERSEY MODEL - STATE PURCHASE OF SERVICE CONTRACTS - AS THE CONSENSUS FOR THE FIRST OVERTURES FOR FEDERAL ASSISTANCE. GRANTS WERE TO BE PROVIDED ON A DISCRETIONARY BASIS.

ANOTHER SIGNIFICANT EVENT FROM THESE EARLY YEARS WAS THE INITIAL REJECTION BY THE PUBLIC WORKS COMMITTEES OF CONGRESS OF THE NOTION OF FEDERAL AID TO TRANSIT. THESE COMMITTEES WERE ATTUNED TO THE PRIORITY OF HIGHWAY SPENDING. A TACTICAL DECISION FOLLOWED: TO SEEK HEARINGS FROM A COMMITTEE MORE RESPONSIVE TO URBAN CONCERNS. THUS, THE PROPONENTS OF FEDERAL AID FOR TRANSIT DRAFTED LEGISLATION SO THAT IT FELL WITHIN THE JURISDICTION OF THE COMMITTEE RESPONSIBLE FOR URBAN RENEWAL - THE HOUSING SUBCOMMITTEE OF THE SENATE BANKING, CURRENCY AND URBAN AFFAIRS COMMITTEE. HENCE, THE ORIGINS OF A LONG RELATIONSHIP BETWEEN THE TRANSIT COMMUNITY AND THE SENATE BANKING COMMITTEE.

A THIRD EVENT OF GREAT SIGNIFICANCE TO THE EVENTUAL STRUCTURE OF THE FEDERAL TRANSIT PROGRAM IS THE CONSEQUENCE OF TWO EARLIER POINTS. THE COMBINATION OF A DISCRETIONARY CAPITAL PROGRAM AND AN URBAN RENEWAL FOCUS RESULTED IN A STRONG EMPHASIS ON THE CONSTRUCTION OF URBAN RAIL SYSTEMS. IT IS UNLIKELY THAT THIS RAIL EMPHASIS WOULD HAVE OCCURRED HAD THE PROGRAM BEEN CONFIGURED AS A FORMULA GRANT

PROGRAM - IF ONLY BECAUSE FORMULA APPORTIONMENTS WOULD NOT HAVE PERMITTED THE CONCENTRATION OF INVESTMENT NECESSARY TO FINANCE EXPENSIVE RAIL RAPID TRANSIT CAPITAL PROJECTS.

I PROVIDE THESE HISTORICAL POINTS NOT TO BORE YOU, BUT INSTEAD TO GIVE A TASTE OF THE EARLY INFLUENCES ON THE STRUCTURE OF THE FEDERAL TRANSIT PROGRAM. THE PROGRAM STRUCTURE WHICH RESULTED FROM THESE INFLUENCES WOULD BECOME THE BASIS FOR THE FEDERAL TRANSIT PROGRAM AND FOR HOW FUNDING WOULD BE DISTRIBUTED.

THE FIRST MAJOR BREAKTHROUGH IN FEDERAL TRANSIT LEGISLATION OCCURRED IN 1961 WITH A RELATIVELY SMALL AUTHORIZATION OF $50 MILLION FOR LOW INTEREST LOANS AND $25 MILLION FOR DEMONSTRATION PROJECTS. IN CRAFTING THESE PROVISIONS - WHICH WERE A PART OF THE HOUSING ACT OF 1961 - THE HOUSING SUBCOMMITTEE CRAFTED A BROADER PROGRAM, PROVIDING FOR PUBLIC TRANSIT IN GENERAL, RATHER THAN COMMUTER RAILROADS IN PARTICULAR.

FOLLOWING MUCH CONGRESSIONAL DEBATE AND THE ADDITION OF A LABOR PROTECTION PROVISION - SECTION 13(C) - THE LANDMARK URBAN MASS TRANSPORTATION ACT OF 1964 WAS PASSED AND SIGNED INTO LAW. IT ESTABLISHED A BROAD CAPITAL GRANT AND LOAN PROGRAM. A TWO-THIRDS FEDERAL SHARE WAS ESTABLISHED FOR PROJECTS WHICH WERE PART OF A LOCAL AND REGIONAL PROGRAM FOR A RATIONAL AND INTEGRATED URBAN TRANSPORT SYSTEM ACCOMMODATING BOTH THE AUTOMOBILE AND PUBLIC TRANSPORTATION. IN ADDITION A SHORT-RUN PROGRAM WITH A FIFTY PERCENT

FEDERAL SHARE WAS ESTABLISHED TO KEEP JEOPARDIZED OPERATIONS RUNNING UNDER EMERGENCY CONDITIONS.

THE EVOLUTION OF THE FEDERAL PROGRAM SINCE 1964 HAS INCLUDED A FEW LANDMARK STRUCTURAL CHANGES AND MANY INCREMENTAL CHANGES. IN EACH OF THE FOLLOWING CASES THERE WAS DEEMED TO BE EITHER "INVENTING" OR "REINVENTING" THAT NEEDED TO BE DONE.

- 1966: AN INCREASED LEVEL OF FUNDING WAS PROVIDED TO TRANSIT TO BUY NEW EQUIPMENT AN TO ACQUIRE ASSETS OF BANKRUPT PRIVATE COMPANIES. THE PROGRAM WAS ALSO EXPANDED TO INCLUDE SUPPORT FOR PLANNING, DESIGN STUDIES, MANAGEMENT TRAINING AND RESEARCH.

  - A NEW DEPARTMENT OF TRANSPORTATION WAS ESTABLISHED. THE ADMINISTRATION WAS REQUIRED TO DETERMINE WHETHER THE UMTA PROGRAM WOULD BE AN URBAN PROGRAM OR A TRANSPORTATION PROGRAM.

- 1968: THE URBAN MASS TRANSPORTATION ADMINISTRATION WAS ESTABLISHED WITHIN THE DEPARTMENT OF TRANSPORTATION GIVING TRANSIT EQUAL STATUS (AT LEAST ON PAPER) WITH THE FEDERAL HIGHWAY PROGRAM. IN MAKING THIS DECISION THE JOHNSON ADMINISTRATION RECOGNIZED THE POTENTIAL ROLE OF TRANSIT IN A BALANCED NATIONAL TRANSPORTATION PROGRAM.

- 1973: HIGHWAY FUNDS WERE FIRST ALLOWED TO BE USED FOR TRANSIT PROJECTS.
  - FEDERAL MATCH INCREASED FROM 2/3 TO 80 PERCENT.

- 1974: THE OPERATING ASSISTANCE FORMULA PROGRAM WAS ESTABLISHED.

- 1975: FOR THE FIRST TIME, FUNDING LEVELS FOR THE UMTA PROGRAM EXCEED ONE BILLION.

- 1977: RURAL AND SMALL URBAN AREAS BECAME ELIGIBLE FOR OPERATING AID.

- 1978: HIGHWAY AND TRANSIT PROGRAMS COMBINED INTO A SINGLE SURFACE TRANSPORTATION ASSISTANCE ACT.

- 1982: ONE CENT OF A FIVE CENT INCREASE IN THE FEDERAL GAS TAX WAS EARMARKED FOR TRANSIT DISCRETIONARY GRANTS.

  - A STRONG SHIFT IS MADE TO FORMULA PROGRAMS, THEN KNOWN AS BLOCK GRANTS, THUS BENEFITING MANY SMALL URBAN AND RURAL SYSTEMS AND SUPPOSEDLY REDUCING "RED TAPE" NECESSARY TO OBTAIN GRANTS.

  - THE FEDERAL SHARE OF DISCRETIONARY PROJECTS IS REDUCED FROM 80 PERCENT TO 75 PERCENT.

- THE TRANSIT INDUSTRY FORMULATES A CONSENSUS AS TO THE BALANCE BETWEEN RAIL MODERNIZATION, NEW STARTS, AND BUS PROJECTS (THE SO-CALLED 40-40-10-10 SPLIT).

- CAPS ON OPERATING ASSISTANCE WERE ESTABLISHED TO REFLECT 1982 APPROPRIATED LEVELS.

- A NEW TIER OF FORMULA FUNDING KNOWN AS THE INCENTIVE TIER WAS ESTABLISHED TO PROVIDE ADDITIONAL FUNDS TO THOSE SYSTEMS WHICH CARRY THE MOST PASSENGERS.

- 1987: A PORTION OF FUNDS COLLECTED THROUGH THE GAS TAX IS TO BE USED FOR FORMULAS GRANTS (I.E. BLENDING).

  - MECHANISM INSTITUTED TO ASSURE ANNUAL GROWTH IN OPERATING ASSISTANCE LEVELS IN URBAN AREAS UNDER 200,000 IN POPULATION.

  - CONGRESSIONAL SUPPORT FOR THE SURFACE TRANSPORTATION AND UNIFORM RELOCATION ASSISTANCE ACT OF 1987 IS SUFFICIENT TO OVERRIDE A PRESIDENTIAL VETO.

ALL OF THIS TAKES US TO THE CURRENT AUTHORIZATION - SCHEDULED TO EXPIRE ON SEPTEMBER 30 OF THIS YEAR. ON ONE HAND WE ARE NOW LOOKING AT A MATURE TRANSIT PROGRAM - ONE THAT HAS UNDERGONE REFINEMENT AND HAS, I BELIEVE, BEEN ENORMOUSLY SUCCESSFUL IN REVERSING DECADES OF DECLINE WHICH PLAGUED THE TRANSIT INDUSTRY. ON THE OTHER HAND,

CURRENT HIGHWAY AND TRANSIT PROGRAMS DO NOT ACHIEVE MANY OF THE MOBILITY AND POLICY OBJECTIVES WHICH A NATIONAL TRANSPORTATION POLICY SHOULD ADDRESS. FURTHER, THE HIGHWAY AND TRANSIT PROGRAMS ARE OPERATED UNDER RIGID AND OFTEN COUNTERPRODUCTIVE MODAL SEPARATIONS. THUS, THE QUESTION BEFORE US IS WHETHER TO MOVE TO A NEW PROGRAM STRUCTURE OR TO SEEK INCREMENTAL CHANGES TO THE CURRENT STRUCTURE.

FIRST, LET US DECIDE WHAT IT IS WE WANT TO ACCOMPLISH THROUGH STRUCTURE. KEEPING IT SIMPLE I SAY WE NEED THREE THINGS:

1. A STRUCTURE THAT ACHIEVES BROAD PUBLIC POLICY OBJECTIVES:
   THESE WOULD INCLUDE STRATEGIC INVESTMENT IN INFRASTRUCTURE; EFFICIENT AND EFFECTIVE USE OF FEDERAL DOLLARS; BALANCED MOBILITY OPTIONS FOR ALL INDIVIDUALS, INCLUDING ELDERLY AND DISABLED PERSONS; EMPHASIS ON LOCAL DECISION MAKING; ECONOMIC REVITALIZATION; CONSISTENCY WITH FEDERAL ENERGY, ENVIRONMENT AND CIVIL RIGHTS POLICIES. IN SHORT, THE PROGRAM STRUCTURE OVERALL SHOULD REASONABLY REFLECT WHAT OUR PRESIDENT MIGHT REFER TO AS "THE VISION THING."

2. A STRUCTURE THAT IS CLEAR AND UNDERSTANDABLE:
   THE PROGRAM SHOULD BE STRUCTURED TO BE EASILY ADMINISTERED; SHOULD LIMIT THE NUMBER OF REGULATIONS AND PROCEDURAL REQUIREMENTS; SHOULD BE FLEXIBLE ENOUGH TO ACCOMMODATE WIDE RANGING AND CHANGING PRIORITIES; SHOULD BE FOCUSED ON THE END OBJECTIVE - THE MOBILITY OF PEOPLE, NOT VEHICLES.

3. A STRUCTURE THAT WILL SATISFY A BROAD SPECTRUM OF INTERESTS: THE PROGRAM SHOULD STRIKE A REASONABLE LEVEL OF ACCEPTANCE BETWEEN OLD VS. NEW; SMALL VS. LARGE, URBAN VS SUBURBAN VS RURAL; RAIL VS. BUS; NORTH/SOUTH EAST/WEST. THE PROGRAM MUST ALSO BE SENSITIVE TO THOSE WHO ARE STAKEHOLDERS IN THE CURRENT PROGRAM STRUCTURE.

AS THE FIRST REAUTHORIZATION OF THE SURFACE TRANSPORTATION PROGRAM IN THE POST-INTERSTATE ERA, THE OPPORTUNITY FOR FUNDAMENTAL CHANGE THOUGH THIS YEAR'S LEGISLATION HAS PROMPTED MANY TO DO MUCH THINKING ABOUT PROGRAM STRUCTURE. THE BUSH ADMINISTRATION PLACED A HIGH PRIORITY ON THE DEVELOPMENT OF A NATIONAL TRANSPORTATION STRATEGY, AND HAS FOLLOWED IT WITH A SPECIFIC REAUTHORIZATION PROPOSAL. THE ADMINISTRATION'S NATIONAL TRANSPORTATION STRATEGY INCLUDED A NUMBER OF EXCELLENT CONCEPTS, SUCH AS THE NEED FOR INCREASED INVESTMENT IN TRANSPORTATION INFRASTRUCTURE, FLEXIBILITY IN CERTAIN HIGHWAY AND TRANSIT FUNDING, THE NEED TO INTEGRATE REGIONAL LAND USE POLICIES WITH REGIONAL INVESTMENT DECISIONS AND THE IMPORTANCE OF RESEARCH AND HUMAN DEVELOPMENT ACTIVITIES TO THE FUTURE. HOWEVER, THE ADMINISTRATION'S REAUTHORIZATION PLAN FAILS TO DELIVER ON THAT VISION.

WE MUST DO BETTER IN STRUCTURING A PROGRAM THAT REWARDS URBAN AND RURAL AREAS WHICH ARE MOST EFFICIENT IN MOVING PEOPLE, NOT VEHICLES. WE MUST DO BETTER IN STRUCTURING A PROGRAM OF OPERATING SUPPORT THAT HELPS PROVIDE FUNDING TO OPERATORS OF ALL SIZES TO PROTECT AND ENHANCE THE FEDERAL CAPITAL INVESTMENT. WE MUST DO BETTER IN STRUCTURING A

LEVEL PLAYING FIELD FOR DECISIONS REGARDING HIGHWAY AND TRANSIT INVESTMENTS, STARTING BY ESTABLISHING A FEDERAL SHARE FOR TRANSIT PROJECTS THAT IS AT LEAST EQUIVALENT TO THE MATCH FOR HIGHWAY PROJECTS. WE MUST DO BETTER IN STRUCTURING A PROGRAM THAT IS EVENHANDED IN MAKING CRITICAL TRANSIT INVESTMENTS IN ACCORDANCE WITH THE WORTHINESS OF PROJECTS, NOT IN CONSIDERATION TO THE ABILITY OF LOCAL COMMUNITIES TO BEST THEIR COMPETITION IN AN OVERMATCH BIDDING WAR.

I BELIEVE THERE ALREADY IS AN EVOLVING CONSENSUS AMONG PUBLIC INTEREST GROUPS AS TO THE STRUCTURE OF THE NEW PROGRAM. THE TWO ESSENTIAL ELEMENTS OF THE PROGRAM SHOULD BE:

1. A PROGRAM TO REINVEST IN EXISTING TRANSIT SERVICES AND FACILITIES.
2. A METROPOLITAN "CAPACITY EXPANSION" PROGRAM. SHOULD THIS BE EXPANDED TO INCLUDE STATES AND RURAL AREAS TO SUBSTITUTE INTERCITY TRANSIT FOR HIGHWAYS?

IN REGARD TO THE REINVESTMENT PROGRAM, ADEQUATE FEDERAL FUNDING FOR THE RENEWAL OF EXISTING TRANSIT SERVICES SHOULD BE PROVIDED BY FORMULA DIRECTLY TO TRANSIT AGENCIES TO BE USED IN ACCORDANCE WITH LOCALLY DETERMINED TRANSIT NEEDS. A FORMULA SIMILAR TO THE EXISTING SECTION 9 FORMULA SHOULD BE USED IN APPORTIONING FUNDS FOR THESE REINVESTMENT NEEDS THOUGH I WOULD PUT MORE EMPHASIS ON SERVICE FACTORS AND LESS ON POPULATION.

LOCAL BODIES SHOULD BE ALLOWED TO EXERCISE THEIR JUDGEMENT AS TO THE BEST USE OF FUNDS WITH MINIMAL FEDERAL INVOLVEMENT AND LIMITED

RESTRICTIONS. CAPITAL PROGRAMS WITH THE HIGHEST LOCAL PRIORITY SHOULD MOVE FORWARD. PUBLIC TRANSPORTATION PROVIDERS SHOULD BE ABLE TO USE FEDERAL FUNDS FOR ACTIVITIES WHICH WOULD ENHANCE THE VALUE OF FEDERAL CAPITAL INVESTMENTS. THIS MAY MEAN PUTTING A GREATER EMPHASIS ON HUMAN RESOURCE PROGRAMS, ESTABLISHING PUBLIC INFORMATION PROGRAMS WHICH WILL ATTRACT ADDITIONAL RIDERS, OR PAYING TO MAINTAIN FEDERALLY FUNDED IMPROVEMENTS.

A FAIR AND WORKABLE OPERATING ASSISTANCE PROGRAM MUST BE ESTABLISHED FOR OPERATORS OF ALL SIZES. IT SEEMS TO ME THAT A NEW ECONOMIC THEORY KNOWN AS "CASH CRUNCH ECONOMICS" HAS TAKEN HOLD HERE IN WASHINGTON WHICH HAS BROUGHT ABOUT NEW ATTEMPTS TO ELIMINATE OPERATING SUPPORT. I SAY THAT ANY PROPOSAL THAT WOULD ELIMINATE OR REDUCE OPERATING ASSISTANCE TO ANY SIZE OPERATOR IS SHORT SIGHTED AND, I FIRMLY BELIEVE, WITHOUT POLICY JUSTIFICATION. SURE, IF WE NEED TO PUT OPERATING ASSISTANCE UNDER NEW PARAMETERS AND SET-UP A NEW SYSTEM MAINTENANCE PROGRAM OR SOMETHING ELSE THAT PROVIDES EQUIVALENT FUNDING - FINE. BUT IT MAKES NO SENSE TO ME TO BE WILLING TO SPEND A DOLLAR TO BUY SOMETHING NEW AND THEN NOT BE WILLING TO INVEST A FEW CENTS MORE EACH YEAR TO SEE THAT THE CAPITAL ITEM IS PROPERLY MAINTAINED AND UTILIZED.

I ALSO WANT TO DISPEL NOTIONS THAT OPERATING ASSISTANCE IS NOT IMPORTANT TO "LARGE" OPERATORS. IN PITTSBURGH I MANAGE A FLEET OF 900 BUSES, 70 RAIL CARS, AN INCLINE, THE LARGEST COORDINATED PARATRANSIT SERVICE IN THE WORLD, AND ALL TOLD WE SERVE 300,000 PASSENGERS A DAY. WHILE THIS CERTAINLY QUALIFIES MY SYSTEM AS A LARGE SYSTEM, I AM

EMPHATIC ABOUT THE NEED FOR OPERATING ASSISTANCE. I KNOW THAT MANY OF MY COLLEAGUES OPERATING IN URBAN AREAS OF AT LEAST ONE MILLION IN POPULATION FEEL THE SAME WAY.

SPECIAL EMPHASIS IS ALSO NEEDED TO RENEW AND EXPAND THE NATION'S FLEET OF TRANSIT BUSES. THIS IS CRITICAL IF WE ARE TO ENSURE THE ADEQUACY OF PUBLIC TRANSPORTATION IN THE EVENT OF A NATIONAL ENERGY SHORTAGE. THIS WILL ALSO EXPEDITE THE TRANSITION TO SERVING THE SPECIAL NEEDS OF ELDERLY AND DISABLED PERSONS PURSUANT TO THE STANDARDS AND POLICIES ESTABLISHED THROUGH THE RECENTLY ENACTED AMERICANS WITH DISABILITIES ACT AND PERMIT QUICKER EXPANSION OF ALTERNATELY FUELED AND OTHER CLEANER OPERATING BUSES PURSUANT TO THE OBJECTIVES OF THE CLEAN AIR ACT.

SUPPLEMENTING THIS REINVESTMENT PROGRAM, FUNDING SHOULD BE PROVIDED AT THE METROPOLITAN LEVEL FOR THE FUNDING OF MAJOR CAPACITY EXPANSION. THE METROPOLITAN REGION WOULD DETERMINE THE TRANSIT AND/OR HIGHWAY USE FOR THESE FUNDS, CONSISTENT WITH LOCAL OBJECTIVES. CURRENTLY, INVESTMENT DECISIONS ARE OFTEN BIASED TOWARD A PARTICULAR MODE DUE TO FACTORS SUCH AS THE AVAILABILITY OF TARGETED CATEGORICAL FUNDING, OR BY DIFFERENCES IN LOCAL MATCH REQUIREMENTS FORM ONE MODE TO ANOTHER. FURTHER, REGIONS SHOULD NOT BE PROHIBITED FROM SUBSTITUTING PUBLIC TRANSPORTATION PROJECTS FOR ROAD PROJECTS AT ANY LEVEL. WHENEVER SUCH A SUBSTITUTION IS MADE, FUNDING FOR THE TRANSIT PROJECT SHOULD COME FROM THE HIGHWAY ACCOUNT FUNDS, NOT - AS OCCURRED UNDER THE INTERSTATE TRANSFER PROGRAM - FROM TRANSIT FUNDS. THE FEDERAL SHARE FOR THESE AND ALL OTHER FEDERAL TRANSPORTATION CAPITAL INVESTMENTS SHOULD BE A CONSTANT 80 PERCENT. THESE FUNDS

WOULD BE PROVIDED TO METROPOLITAN AREAS PRIMARILY THROUGH FORMULA, BUT A DISCRETIONARY PROGRAM SHOULD BE RETAINED TO ACCOMMODATE UNUSUAL NEEDS.

THERE IS ALSO A STRONG CONSENSUS IN SUPPORT OF A SIGNIFICANTLY INCREASED TRANSIT RESEARCH AND DEVELOPMENT PROGRAM. I COMMEND THE ADMINISTRATION AND UMTA ADMINISTRATOR BRIAN CLYMER IN PARTICULAR FOR ADVOCATING A COMPREHENSIVE SET-ASIDE PROGRAM FOR TRANSIT PLANNING AND RESEARCH. I BELIEVE THAT THIS IS SET-ASIDE NEEDS TO BE AT LEAST THREE PERCENT OF THE TOTAL PROGRAM. EXPANDED FEDERAL SUPPORT FOR BASIC TECHNOLOGICAL AND OPERATIONS RESEARCH ON BEHALF OF PUBLIC TRANSPORTATION WILL ENABLE TRANSIT OPERATORS TO PERFORM BETTER, AND WILL ENSURE THE SURVIVAL OF A VIGOROUS DOMESTIC SUPPLY INDUSTRY AND THE JOBS AND REVENUES THAT INDUSTRY CREATES. WE HAVE SEEN THE EFFECTS OF TOO LITTLE RESEARCH IN OTHER FIELDS. INNOVATION IS STIFLED AND NEW CHALLENGES CANNOT BE MET. DOMESTIC SUPPLIERS WITHER AND JOBS ARE LOST OFFSHORE. TRANSIT NEEDS TO BE INNOVATIVE IF IT IS TO IMPROVE ITS EFFICIENCY, RUN CLEANER BUSES, AND MEET THE GROWING DEMAND FOR ITS SERVICES INTO THE NEXT CENTURY. RESEARCH CAN PROVIDE THE GUIDING LIGHT.

THE REAUTHORIZATION OF THE SURFACE TRANSPORTATION ASSISTANCE ACT ALSO PROVIDES AN OPPORTUNITY TO MAKE OTHER CHANGES WHICH CAN MAKE THE UMTA PROGRAM WORK BETTER. I URGE THE SUBCOMMITTEE TO STRUCTURE A PROGRAM WHICH MAXIMIZES THE ABILITY OF RECIPIENTS TO USE FUNDS IN ACCORDANCE WITH THEIR OWN NEEDS AND WITH A MINIMUM OF PAPER WORK AND RED TAPE. I URGE THE SUBCOMMITTEE TO WORK WITH UMTA TO SIMPLIFY THE PLANNING PROCESS REQUIRED FOR MAJOR CAPITAL INVESTMENTS. FINALLY, I

URGE THE SUBCOMMITTEE TO CONTINUE TO EXPLORE APPLICATIONS OF CREATIVE FINANCING, WHICH COULD INCLUDE USING THE PLEDGE OF FUTURE FORMULA FUNDS TO SECURE PRIVATE SECTOR CAPITAL FINANCING. ANOTHER WAY TO EXPEDITE PROJECTS, IS TO ALLOW TRANSIT AGENCIES TO MOVE FORWARD WITH A CAPITAL PROJECT PRIOR TO ENTERING A FEDERAL GRANT CONTRACT, AND TO SUBSEQUENTLY SEEK FEDERAL REIMBURSEMENT PROVIDED FEDERAL STATUTORY REQUIREMENTS ARE MET.

BY NOW IT IS TIME TO RETURN TO THE QUESTION OF WHETHER OR NOT ANYTHING NEEDS TO BE REINVENTED IN THE COMING REAUTHORIZATION BILL. FOR REASONS DISCUSSED, I THINK THE ANSWER IS YES. STILL, IN OUR SYSTEM OF GOVERNMENT CHANGE IS OFTEN DIFFICULT. RESTRUCTURING MUST TREAT STAKEHOLDERS OF THE CURRENT STRUCTURE IN A PRUDENT MANNER.

A CASE IN POINT IS THE RAIL MODERNIZATION PROGRAM, AN AREA WHERE CERTAIN OLD RAIL SYSTEMS BUILT WITHOUT FEDERAL AID HAVE BEEN TRADITIONAL RECIPIENTS, AND WHERE NEW RAIL SYSTEMS WOULD LIKE TO FUND THEIR OWN NEEDS. WHILE EACH SET OF NEEDS IS DIFFERENT, THE FEDERAL PROGRAM MUST RECOGNIZE BOTH. TO ASSURE THAT THE OLDER, DETERIORATED PORTIONS OF ESTABLISHED SYSTEMS BUILT WITHOUT FEDERAL AID ARE NOT SACRIFICED IN ORDER TO FUND NEW, EMERGING NEEDS, A "HOLD-HARMLESS" CLAUSE OF SOME SORT IS NEEDED. THIS CAN BE DONE BY DISTRIBUTING RAIL MOD FUNDS BY A FORMULA WHICH RECOGNIZES THE LEVEL OF FUNDS HISTORICALLY RECEIVED BY EACH OLDER SYSTEM, BUT ALSO PROVIDES NEW FUNDING TO NEWER SYSTEMS. AS THE RAIL MOD NEEDS OF THE OLDER SYSTEMS ARE COMPLETED, THE PROGRAM FOR THE OLDER SYSTEMS SHOULD PHASE OUT. AS FUNDS BECOME

AVAILABLE THOSE FUNDS SHOULD BE DISTRIBUTED TO ALL RAIL SYSTEMS TO ADDRESS ONGOING NEEDS.

THE RESTRUCTURED PROGRAM WILL ALSO NEED TO ALLOCATE FUNDS WITH A BALANCE BETWEEN GROWING AND STABLE AREAS. MEASURES ARE NEEDED TO MITIGATE THE IMPACT OF THE 1990 CENSUS UPON AREAS WHICH HAVE LOST POPULATION SINCE 1980. POPULATION LOSSES HAVE NOT BEEN ACCOMPANIED WITH A DECLINE IN THE NEED FOR FUNDING. OLDER CITIES WHICH HAVE LOST POPULATION ALSO HAVE LOST PART OF THEIR ECONOMIC BASE, AND SHOULD BE "HELD-HARMLESS" FROM LOSING ANY FORMULA FUNDING DUE SOLELY TO POPULATION LOSS.

FINALLY, ANY SIGNIFICANT RESTRUCTURING OF SURFACE TRANSPORTATION PROGRAMS WILL NOT BE WORKABLE UNLESS IT IS ACCOMPANIED BY A SIGNIFICANT INCREASE IN OVERALL FUNDING - THE FRED BURKE PRINCIPLE. SHORT OF THAT, THE PIECES JUST WON'T ADD UP TO AN ATTRACTIVE PACKAGE.

THE GAS TAX IS THE LOGICAL FUNDING SOURCE FOR THE FEDERAL SURFACE TRANSPORTATION PROGRAM, AND A MAJOR INCREASE IS WARRANTED TO FUND THE BOLD, AMBITIOUS PROGRAM THAT IS RIPE FOR ACHIEVING CRITICAL NATIONAL GOALS. PLANS WHICH WOULD CONTINUE THE PROGRAM AT CURRENT FUNDING LEVELS OR WHICH WOULD TEMPORARILY LIMP ALONG BY RELYING ON THE UNSPENT BALANCES IN THE TRANSPORTATION TRUST FUND WOULD EFFECTIVELY BYPASS THE OPPORTUNITIES AVAILABLE THROUGH THE CURRENT LEGISLATIVE INITIATIVE. PROGRAM FUNDING LEVELS MUST RISE QUICKLY AND SUBSTANTIALLY. I BELIEVE AT LEAST $5.5 BILLION IS NEEDED IMMEDIATELY RISING TO $11 BILLION PER YEAR BY THE END OF THE AUTHORIZATION.

THE ECONOMIC FORCES WHICH INITIALLY BROUGHT ABOUT THE FEDERAL INVOLVEMENT IN PUBLIC TRANSPORTATION ARE STILL PRESENT TODAY. EFFORTS TO FIND A WHITE KNIGHT IN THE PRIVATE SECTOR TO REDUCE THE PUBLIC ROLE HAVE NOT AND WILL NOT BE ABLE TO CHANGE SIGNIFICANTLY THE NATURE OF SERVICE NOT THE STRUCTURE OF THE PROGRAM. BY ALL REASONABLE ACCOUNTS, THE PUBLIC SECTOR - THROUGH A FEDERAL-STATE-LOCAL PARTNERSHIP - IS HERE TO STAY IN PUBLIC TRANSIT. THAT MUCH DOES NOT NEED "REINVENTING".

IN CONCLUSION, THE NEW PROGRAM STRUCTURE ADOPTED BY CONGRESS WILL ITSELF SET THE STAGE FOR THE COMING DECADES OF FEDERAL TRANSPORTATION POLICY. THE PROGRAM STRUCTURE SHOULD ESTABLISH THE FRAMEWORK OF WHAT WE WANT OUR TRANSPORTATION FUTURE TO BE. IT MUST HOLD TOGETHER ENOUGH OF THE VARIOUS COMPETING NATIONAL INTERESTS. TOGETHER WITH THE OVERALL LEVEL OF FUNDING, STRUCTURE WILL HAVE THE PIVOTAL ROLE IN DETERMINING THE ULTIMATE SUCCESS OF THIS YEAR'S LEGISLATION.

Mr. MILLAR. Now we'll turn to our second paper.

Jim Cowen is the general manager of the Tri-County Metropolitan Transportation District in Oregon. Since 1978, he's held that position.

Prior to joining Tri-Met, he was transit manager for the Golden Gate Bridge Highway and Transportation District in San Francisco.

Jim has spent a number of years in the private sector working for United Airlines and Greyhound, where he once served as vice president of operations in the San Francisco area as president and CEO of Korea Greyhound Ltd.

I think everyone in the room knows Jim. He's had a long and distinguished career in public transit. He's a past chairman of the American Public Transit Association.

And I'll now ask Jim Cowen to present his paper, as well.

STATEMENT OF JAMES COWEN, GENERAL MANAGER, TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON

Mr. COWEN. Thank you, Bill. I want to compliment you on a very well-constructed paper and your usual excellent presentation.

This paper is a little more narrowly focused than the one you just heard from Mr. Millar. It's focused really on the things that I know and care most about. And that's Tri-Met and the Portland metropolitan area.

I intend to read every word of it because I don't want to leave anything out.

And, Mr. Chairman, and members of the committee, who I know will have an opportunity to read today's presentations, I first want to express my appreciation for the opportunity to testify today on the reauthorization of the Surface Transportation Act.

On behalf of Tri-Met and the Portland metropolitan region, I welcome the opportunity to share with you our perspective on the existing STA, as well as our recommendations on changes that should be made.

The timing of the reauthorization of the STA could not be more ideal. As you know, Congress took significant steps last year in the reauthorization of the Clean Air Act to address the growing problems of automobile pollution and to establish rigorous actions that must be taken by many cities to achieve the goals of that legislation.

Likewise, the events in the Middle East reminds us of how oil-dependent this Nation is and how important it is to take actions to conserve that resource.

In addition, every major city in the United States is dealing with the problem of automobile congestion and seeking ways to reduce vehicular traffic.

Thus, it is critical that the committee develop a bill that is compatible with the goals and requirements of the Clean Air Act that encourages energy conservation and assists the Nation's urban areas to address traffic congestion.

We have grappled with these issues in the Portland area over the past 20 years. To understand how far we have come though, it

is important to know where we were as a community in the early 1970's.

Up until 1972, Portland was intent on pursuing a transportation system that relied on 54 urban highways which favored suburban development over the central city and which looked to the automobile as the primary form of transportation.

The transit system was in serious decline and ridership had sunk from 60 million riders in 1946 to 17 million in 1969. The city of Portland was facing significant pressure from the Environmental Protection Agency to improve its air quality as the city experienced a total of 100 carbon monoxide violations in 1975.

The Portland area took a hard look at this state of affairs and was not pleased by what it saw. As a result, in 1972, Portland adopted the Downtown Plan. This effort was followed by the passage of the State's Comprehensive Land Use Law in 1973.

Thus, zoning was initiated to preserve farmlands by ensuring that large lots are retained in rural areas that are suitable for farm and forest use with corresponding increases in densities in urban areas.

The land use laws emphasized densification of the central city and established an urban growth boundary. The State law set forth 19 planning goals to which all communities must respond, including a goal for transportation.

I have attached the specific provisions of the transportation goal for the committee's review. The downtown plan emphasized a high-density north/south office core centered on the 5th and 6th Avenues, regional transit corridor, and a compact east-west retail corridor on Hamhill and Morrison Streets.

These offices and retail corridors carry out the vision of the downtown plan to provide a mix of densities, activities and land uses, introduced pedestrian amenities and provide good access through parking management and greater reliance on transit.

In 1978, the region constructed a transit mall in downtown Portland dedicating two north/south streets solely to transit use. These streets were located in the area the city had designated for the highest development densities of Tri-Met's 71 lines, 45 run on the mall.

The mall was constructed for $17 million, but has spurred development now valued at $1.3 billion.

A downtown parking lid was established. The policy requiring new buildings to have a minimum of parking spaces was reversed. Now, there is a maximum number of spaces that are allowed in the central business district.

The application of the lid has had two results: use of transit dramatically increased, and vehicular traffic into downtown has remained at the 1975 level.

The intention of these efforts was to revitalize downtown Portland to make the city the retail, office, cultural and entertainment center of the metro area. It called for an increase in residential units downtown, required open spaces and a return of the Willamette River as a central focus for the city.

To protect these decisions, to provide the transportation system necessary to achieve these goals and to reduce air quality viola-

tions required a significant investment in compatible transportation facilities and additional policy decisions.

One of the first steps taken by the region was to request a withdrawal of two interstate freeway segments. These funds, which were appropriated from the interstate transfer program, were then used to construct the Banfield light rail project and complete and improve the existing arterial and freeway system.

A total of 184 projects were built instead of 7 miles of interstate highway. The decision on what projects to build was made by a committee of local governments called the Joint Policy Advisory Committee on Transportation in conjunction with the transportation plan that was enforced by the metropolitan service district, which is designated as the metropolitan planning organization under Federal law and assigned to develop the regional transportation plan under State law.

In 1986, rail service was established when the Banfield light rail project was completed. This line extends 15½ miles from downtown Portland eastward into the suburban community of Gresham, OR. Ridership on the line was immediately ⅓ higher than expected at the time the line opened and has grown steadily at about 14 percent a year during peak periods.

The line has also served to focus and encourage development along the line. Nearly 6 million square feet of commercial and retail development valued at $690 million has been constructed. Another $440 million is being planned.

In 1987, the area voters approved the property tax supported bonds to construct the Oregon convention center, which is located on the line, and opened last fall.

Other pertinent facts include 52 percent of all peak hour work trips to downtown utilized transit. Carbon monoxide violations decreased to one violation in 1985. And the city is close to meeting its targets for air quality emission standards.

Tri-Met carries 36 million passengers a year, up from 17 million in 1969. Employment in the central city has increased from 69,000 in 1975 to 80,000 in 1980 and 94,000 in 1988.

In sum, the policy decisions, combined with the investment in transit have had their intended effect. The goals of improved mobility, improved air quality and enhanced quality of life have been achieved. At the same time, development and job creation have not suffered and have, in fact, increased significantly.

In light of our experience, as well as based on our frustrations with the Surface Transportation Act, we suggest the following changes:

The development and implementation of comprehensive land use and transportation plans should be encouraged through federal transportation funding policy.

Tri-Met believes that the land use process begins with the requirement that localities define an urban containment boundary and discourage urban sprawl.

Upon defining the urban area, those same localities must enact comprehensive and integrated land use and transportation plans for that urban area.

The metropolitan planning organization should serve as the focal point to ensure that the plans and subsequent ordinances are en-

forced and that the transportation projects pursued are consistent with the integrated land use and transportation plan.

An effective means of ensuring compliance is to require the MPO's to approve those projects. If a flexible program is created, the MPO's should also have some control over the allocation of those funds.

To create an incentive for localities to enact comprehensive land use and transportation plans, Tri-Met would propose that there be an overmatch of Federal dollars for those projects that take specific actions to carry out those plans.

These actions would include, No. 1, the establishment of minimum residential densities for the transportation corridor.

No. 2, increasing residential, retail and commercial densities on property and/or adjacent to transit stations.

No. 3, enhancing pedestrian and bicycle access to stations.

No. 4, provide parking limits in congested urban areas.

No. 5, provide for joint development activities consistent with sections 3.A.1(d).

And, No. 6, establish design standards for street grids, building placement and pedestrian access, which enhances the project.

These actions would be evidenced by:

No. 1, increasing cost effectiveness over a 20-year period.

No. 2, improving air quality.

No. 3, decreasing automobile reliance.

No. 4, energy conservation.

No. 5, reducing congestion or vehicle miles traveled.

No. 6, inducing ridership.

And, No. 7, inducing the generation of revenues from joint development.

Tri-Met would also propose that the New Start criteria be amended to require the integration of land use and transportation plans with the project's decision.

This change should be instituted to acknowledge those areas that have enacted policies and ordinances that seek to ensure the long-term success of such projects.

In addition, the Secretary should be required to access how the project would reduce energy consumption, reduce automobile reliance, reduce vehicle miles traveled or promote joint development.

The current UMTA evaluation criteria, which focuses solely on ridership and cost effectiveness, are entirely too narrow.

UMTA has consciously decided to put a premium on local financial support which addresses the short-term issue of the cost to construct a project to the neglect of long-term issues, such as the establishment of land use policies that encourage minimum densities along the proposed alignment; the enactment of ordinances that enforce those densities or other policies that are intended to generate ridership or additional revenues through joint development.

The UMTA evaluation process rewards those urban areas blessed with an extensive resource base by allowing them to buy their way up the queue and fails to reward those urban areas that have the necessary steps to enhance the long-term success of a project.

In addition, we believe that the current UMTA New Start policy for project approval is inadequate in light of both the Clean Air Act mandate for urban areas to reduce vehicle miles traveled, as

well as the congestion management mandate that is likely to be imposed on localities as a result of the reauthorization of the Surface Transportation Act.

All of these proposals reflect Tri-Met's great concern that the STA should reward urban areas that have grappled with these tough issues and have taken specific steps to correct them.

The current UMTA policy is to reward those urban areas that have failed the plan, that have allowed urban sprawl to dominate in the urban area and have pursued development strategies that promote the use of the automobile and discourage the use of transit and have, therefore, a problem of large enough magnitude to quality under the existing narrow New Start criteria.

This cannot continue if the Nation is to achieve the goals of the Clean Air Act and reduce its energy consumption.

We would strongly urge that the committee provide rewards for urban areas that have anticipated problems rather than merely react to them and then look to a transit project to bail them out of the situation they have created by their lack of foresight.

There must be an investment in urban mobility. Traffic congestion in the urban areas is worsening every year. This congestion impacts the ability of goods to move through both interstate and intrastate commerce. This congestion also results in a diminution of air quality and affects the quality of life in the urban areas.

To escape this environment, people move to the suburbs or to other urban areas. If the planning for the suburbs is inadequate and the densities are low, this puts a strain on the transit districts which have to find additional resources to service these areas, which are often served by inadequate road networks.

If these people move to other urban areas, the problems of those areas are then exacerbated.

As I mentioned before, the root of this problem is inadequate land use planning. But, it is often encouraged by the availability and distribution of funds. It is no secret to the committee that the existing funding under the STA is heavily weighted toward highways or that the match ratios are clearly more favorable under the highway program.

While transit programs were funded at approximately $3 billion in fiscal year 1991, highways were funded at $14.5 billion. Match ratios for highways have been as high as 92 percent, while New Starts can be as high as 75 percent, but, are more likely to be lower.

The match ratios for highway funds also affect what types of roads are constructed. Since the match ratios for interstate projects require fewer local dollars, localities will opt for highway expansion, HOV lanes or carpool lanes, rather than urban arterial improvements or mass transit projects that might better meet the need.

Likewise, urban areas wrestle with the State Department of Transportation over where funds should be spent. Since the highway funds pass through the State, many State DOT's end up expending project funds in nonurban areas due to the reduced environmental requirements, fewer administrative impediments and the lack of citizen opposition to the projects.

As a result, urban highway funds spend out slower or are reallocated to rural areas. While I recognize that highway funding is not within this committee's jurisdiction, the relationship of Federal participation in highway and transit projects greatly influenced local decisions which impact Federal goals beyond transportation.

First, the administration's bill promotes highway expansion with 50 percent or more increased funding for this purpose, while the administration's bill for transit dedicates an incredible 88 percent of the transit funds to preservation.

At the proposed level of funding, it will be very difficult, if not impossible, to construct additional fixed guideway projects or expansions of existing systems.

Additional resources for transit are desperately needed to tackle air quality and mobility requirements.

Second, the match ratios would, again, skew local decision making toward projects on a new category of national highways or the interstate rather than on arterial streets or mass transit projects.

By providing up to 75 percent Federal match for highways of the national significance projects as compared to 60 percent for most mass transit or urban road projects, or 50 percent for new starts, it is not hard to predict that the localities will be induced to expend their limited match funds on HNS projects, even though there may be a preference to address mobility needs through mass transit projects.

Tri-Met would argue that interstate preservation projects should be maintained at 90 percent, but that all expansion programs, including mass transit, urban roads, rural roads and interstate highways, should be set at 75 percent match ratios so that the localities can determine how to address their transportation needs without the match ratios unduly affecting those decisions.

Third, the proposed program for urban areas is inadequate to meet the need that exists, especially in light of the provisions of the Clean Air Act as amended, and the congestion management mandate contained in the adminstration's proposed reauthorization of the STA.

With recent statistics showing that the majority of the Nation's population residing in urban areas and with many of those urban areas feeling considerable pressure under the Clean Air Act to reduce vehicle miles traveled, a more aggressive and expansive effort must be undertaken to create a multimodal program in those areas.

One option to meet this need would be to establish a dedicated source of funds that would be available for this multimodal program. These funds could still flow through the State DOT's, but no project could be built unless it is consistent with the MPO transportation plan and jointly approved by the local governments working through the MPO.

We need to establish flexible funding for highway and transit programs for urban areas within certain parameters. Tri-Met supports the principle of flexible funding between highways and transit programs, as it proposed in the administration's proposal to reauthorize the STA.

However, the administration's bill skews this flexibility totally in favor of the highway programs by allowing only 15 percent of the HNS funds to be available for nonhighway purposes while all of the highway funds could potentially be spent on highway projects with some limited safeguards.

Tri-Met urges the committee to support the safeguards contained in the administration's bill. HNS funding should be flexible to meet the needs in the corridor; the best or most readily available solution isn't always widening an interstate highway. The objective can often be met more economically through an arterial or mass transit project.

The Portland region has a great deal of experience with flexible funding in the interstate transfer program. As the region withdrew two segments of the interstate system in the 1970's, these funds were then allocated by the region for both highway and transit projects and were used to construct the Banfield light rail project and 184 arterial road or highway projects.

The existence of these funds forced the regional governments, the State DOT, the MPO and Tri-Met to work together and establish regional priorities. These decisions were not skewed by match ratio biases since all of the interstate transfer monies were available and 85 percent Federal match.

Tri-Met would recommend that the flexible program be modeled after the interstate transfer program. This program provided match ratio equity and required local governments to work cooperatively. This resulted in a consensus for those projects selected that was critical in going to the voters and securing moneys for the local match, with the State legislature in securing additional regional funds and before the Congress in obtaining appropriations out of the interstate transfer program.

However, prior to permitting flexibility for the transit dollars, Tri-Met would also recommend that under any circumstance, that none of the transit funds be available to be spent on highway projects until both the basic needs of the Nation's transit systems are met and sufficient capacity expansion is provided for.

If the flexible pot of highway funds is sufficiently high, then transit funds should be flexible also. But, only to the same extent that the highway funds are flexible.

The administration's fiscal year 1992 authorization request of $3.2 billion is clearly inadequate to satisfy this requirement.

In conclusion, Tri-Met greatly appreciates the opportunity to present our views on the reauthorization of the STA. We believe that our experience in developing a workable land use and transportation plan and in utilizing interstate transfer funds with their flexibility and match ratio equity is a model that should be emulated in the reauthorization of the STA.

In addition, we also believe that localities that have had the foresight to anticipate the future and enact difficult land use and zoning decisions should be rewarded and not penalized under the provisions of the surface transportation act.

Thank you, Bill.

[The complete prepared statement of James E. Cowen follows:]

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Testimony of James E. Cowen, General Manager

Tri-County Metropolitan Transportation District of Oregon (Tri-Met)

Senate Banking and Urban Affairs Committee Symposium

March 13, 1991

Mr. Chairman and members of the Committee, I first want to express my appreciation for the opportunity to testify today on the reauthorization of the Surface Transportation Act (STA). On behalf of Tri-Met and the Portland metropolitan region, I welcome the opportunity to share with you our perspective on the existing STA, as well as our recommendations on changes that should be made.

The timing of the reauthorization of the STA could not be more ideal. As you know, Congress took significant steps last year in the reauthorization of the Clean Air Act to address the growing problem of automobile pollution and to establish rigorous actions that must be taken by many cities to achieve the goals of that legislation. Likewise, the events in the Middle East remind us of how oil dependent this nation is and how important it is to take actions to conserve that resource. In addition, every major city in the United States is dealing with the problem of automobile congestion and seeking ways to reduce vehicular traffic. Thus, it is critical that the Committee develop a bill that is compatible with the goals and requirements of the Clean Air Act, that encourages energy conservation and assists the nation's urban

areas to address traffic congestion.

We have grappled with these issues in the Portland area over the past twenty years. To understand how far we have come, though, it is important to know where we were as a community in the early 1970's. Up until 1972, Portland was intent on pursuing a transportation system that relied on 54 urban highways, which favored suburban development over the central city, and which looked to the automobile as the primary form of transportation. The transit system was in serious decline and ridership had sunk from 60 million riders in 1946 to 17 million in 1969. The city of Portland was facing significant pressure from the Environmental Protection Agency to improve its air quality as the city experienced a total of 100 carbon monoxide violations in 1975.

The Portland area took a hard look at this state of affairs and was not pleased by what it saw. As a result, in 1972 Portland adopted the Downtown Plan. This effort was followed by the passage of the state's comprehensive land use law in 1973. Thus, zoning was initiated to preserve farmlands by ensuring that large lots are retained in rural areas that are suitable for farm and forest use with corresponding increases in densities in urban areas. The land use laws emphasized densification of the central city and established an urban growth boundary. The state law set forth 19 planning goals to which all communities must respond (which are attached), including a goal for transportation. I have attached the specific provisions of the transportation goal for your review.

The Downtown Plan emphasized a high density north/south office

core centered on the Fifth and Sixth Avenues regional transit corridor and a compact east/west retail corridor on Yamhill and Morrison Streets. These office and retail corridors carry out the vision of the Downtown Plan to provide a mix of densities, activities, and land uses; introduce pedestrian amenities and provide good access through parking management and greater reliance on transit.

In 1978 the region constructed a transit mall in downtown Portland dedicating two north-south streets solely to transit use. These streets were located in the area the city had designated for the highest development densities. Of Tri-Met's 71 lines, 45 run on the mall. The mall was constructed for $17 million, but has spurred development now valued at $1.3 billion.

A downtown parking lid was established. The policy of requiring new buildings to have a minimum of parking spaces was reversed. Now, there is a maximum number of spaces that are allowed in the central business district. The application of the lid has had two results: use of transit dramatically increased, and vehicular traffic into downtown has remained at the 1975 level for ten years, and has just recently started to increase.

The intention of these efforts was to revitalize downtown Portland, to make the city the retail, office, cultural and entertainment center of the metro area. It called for an increase in residential units downtown, required open spaces, and a return of the Willamette River as a central focus for the city.

To protect these decisions, to provide the transportation system necessary to achieve these goals and to reduce air quality violations required a significant investment in compatible transportation facilities and additional policy decisions.

One of the first steps taken by the region was to request the withdrawal of two interstate freeway segments. These funds, which were appropriated from the Interstate Transfer program, were then used to construct the Banfield Light Rail Project and to complete and improve the existing arterial and freeway system. A total of 184 projects were built instead of seven miles of interstate highway. The decision on what projects to build was made by a committee of local governments, called the Joint Policy Advisory Committee on Transportation, in conjunction with the transportation plan that was enforced by the Metropolitan Service District, which is designated as the metropolitan planning organization under federal law and assigned to develop the regional transportation plan under state law.

In 1986 rail service was established when the Banfield Light Rail project was completed. This line extends 15.5 miles from downtown Portland eastward into the suburban community of Gresham. Ridership on the line was immediately one-third higher than expected at the time the line opened and has grown steadily at about 14 percent a year during peak periods.

The line has also served to focus and encourage development along the line. Nearly 5.9 million square feet of commercial and retail development valued at $690 million has been constructed.

Another $440 million is being planned. In 1987, the area voters approved the property tax supported bonds to construct the Oregon Convention Center which is located on the line and opened last fall.

Other pertinent facts include:

--52 percent of all peak hour work trips to downtown utilize transit.

--Carbon monoxide emissions decreased to one violation in 1985 and the city is close to meeting its targets for air quality emission standards.

--Tri-Met carries 36 million passengers a year, up from 17 million in 1969.

--Employment in the central city has increased from 69,000 in 1975 to 80,000 in 1980 and 94,500 in 1988.

In sum, the policy decisions combined with the investment in transit have had their intended effect. The goals of improved mobility, improved air quality and an enhanced quality of life have been achieved. At the same time, development and job creation have not suffered and have, in fact, increased significantly.

In light of our experience, as well as based on our frustrations with the Surface Transportation Act, we suggest the following changes.

<u>The development and implementation of comprehensive land use and transportation plans should be encouraged through federal transportation funding policy</u>.

Tri-Met believes that the land use process begins with the requirement that localities define an urban containment boundary to discourage urban sprawl. Upon defining the urban area, those same localities must enact comprehensive and integrated land use

and transportation plans for that urban area. The metropolitan planning organizations (MPO) should serve as the focal point to ensure that the plans and subsequent ordinances are enforced and that the transportation projects pursued are consistent with the integrated land use and transportation plan. An effective means of ensuring compliance is to require the MPO's to approve those projects. If a flexible program is created, then the MPO's should also have some control over the allocation of those funds.

To create an incentive for localities to enact comprehensive land use and transportation plans, Tri-Met would propose that there be an overmatch of federal dollars for those projects that take specific actions to carry out those plans. These actions would include: (1) the establishment of minimum residential densities for the transportation corridor; (2) increasing residential, retail and commercial densities on property at or adjacent to transit station sites; (3) enhancing pedestrian and bicycle access to stations; (4) provide parking limits in congested urban areas; (5) provide for joint development activities consistent with section 3 (a)(1)(d); and, (6) establish design standards for street grids, building placement and pedestrian access which enhance the project.

These actions would be evidenced by (1) increasing cost effectiveness over a twenty year period, (2) improving air quality, (3) decreasing automobile reliance, (4) energy conservation, (5) reducing congestion or vehicle miles travelled, (6) inducing ridership, and, (7) inducing the generation of revenues from joint development.

Tri-Met would also propose that the new start criteria be amended to require the integration of land use and transportation plans with the project decision. This change should be instituted to acknowledge those areas that have enacted policies and ordinances that seek to ensure the long term success of such projects. In addition, the Secretary should be required to assess how the project would reduce energy consumption, reduce automobile reliance, reduce vehicle miles travelled or promote joint development. The current UMTA evaluation criteria which focus solely on ridership and cost effectiveness are entirely too narrow.

UMTA has consciously decided to put a premium on local financial support, which addresses the short term issue of the cost to construct a project, to the neglect of long term issues such as the establishment of land use policies that encourage minimum densities along the proposed alignment, the enactment of ordinances that enforce those densities, or other policies that are intended to generate ridership or additional revenues through joint development. The UMTA evaluation process rewards those urban areas blessed with an extensive resource base by allowing them to buy their way up the queue and fails to reward those urban areas that have the necessary steps to enhance the long term success of a project.

In addition, we believe that the current UMTA new start policy for project approval is inadequate in light of both the Clean Air Act mandate for urban areas to reduce vehicle miles travelled as well as the congestion management mandate that is likely to be

imposed on localities as a result of the reauthorization of the STA.

All of these proposals reflect Tri-Met's great concern that the STA should reward urban areas that have grappled with these tough issues and have taken specific steps to correct them. The current UMTA policy is to reward those urban areas that have failed to plan, that have allowed urban sprawl to dominate in the urban area and have pursued development strategies that promote the use of the automobile and discourage the use of transit and have, therefore, a problem of large enough magnitude to qualify under the existing narrow new start criteria. This cannot continue if this nation is to achieve the goals of the Clean Air Act and reduce its energy consumption. We would strongly urge that the Committee provide rewards for urban areas that have anticipated problems, rather than merely react to them and then look to a transit project to bail them out of the situation they have created by their lack of foresight.

<u>There must be an investment in urban mobility</u>.

Traffic congestion in the urban areas is worsening every year. This congestion impacts the ability of goods to move through both interstate and intrastate commerce. This congestion also results in a diminution of air quality and affects the quality of life in the urban areas. To escape this environment, people move to the suburbs or to other urban areas. If the planning for the suburbs is inadequate and the densities are low, this puts a strain on the transit districts which have to find additional resources to

service these areas which are often served by inadequate road networks. If these people move to other urban areas, the problems of those areas are then exacerbated.

As I mentioned before, the root of this problem is inadequate land use planning, but it is often encouraged by the availability and distribution of funds. It is no secret to this Committee that the existing funding under the STA is heavily weighted towards highways or that the match ratios are clearly more favorable under the highway program. While transit programs were funded at approximately $3 billion in FY 91, highways were funded at $14.5 billion. Match ratios for highways have been as high as 92 percent, while new starts can be as high as 75 percent, but are more likely to be lower.

The match ratios for highway funds also affects what types of roads are constructed. Since the match ratios for Interstate projects require fewer local dollars, localities will opt for highway expansion, HOV lanes or car pool lanes, rather than urban arterial improvements or mass transit projects that might better meet the need.

Likewise, urban areas wrestle with the state Department of Transportation over where funds should be spent. Since the highway funds pass through the state, many state DOTs end up expending project funds in nonurban areas due to the reduced environmental requirements, fewer administrative impediments and the lack of citizen opposition to projects. As a result, urban highway funds spend out slower or are reallocated to rural areas.

While I recognize that highway funding is not within this Committee's jurisdiction, the relationship of federal participation in highway and transit projects greatly influences local decisions which impact federal goals beyond transportation. First, the Administration's bill promotes highway expansion with 50 percent or or more increased funding for this purpose, while the Administration's bill for transit dedicates an incredible 88 percent of the transit funds to preservation. At the proposed level of funding, it will be very difficult, if not impossible, to construct additional fixed guideway projects or expansions of existing systems. Additional resources for transit are desperately needed to tackle air quality and mobility requirements.

Second, the match ratios once again skew local decision-making toward projects on a new category of national highways or the Interstate, rather than on arterial streets or mass transit projects. By providing up to 75 percent federal match for Highways of National Significance (HNS) projects, as compared to 60 percent for most mass transit or urban road projects or 50 percent for new starts, it is not hard to predict that the localities will be induced to expend their limited match funds on HNS projects, even though there may be a preference to address mobility needs through mass transit projects. Tri-Met would argue that Interstate preservation projects should be maintained at 90 percent, but that all expansion programs, including mass transit, urban roads, rural roads and Interstate highways should be set at 75 percent match ratio so that localities can determine how to address their

transportation needs without the match ratios unduly affecting those decisions.

Third, the proposed program for urban areas is inadequate to meet the need that exists, especially in light of the provisions of the Clean Air Act, as amended, and the congestion management mandate contained in the Administration's proposed reauthorization of the STA. With recent statistics showing that the majority of the nation's population residing in urban areas and with many of those urban areas feeling considerable pressure under the Clean Air Act to reduce vehicle miles travelled, a more aggressive and expansive effort must be undertaken to create a multimodal program in those areas. One option to meet this need would be to establish a dedicated source of funds that would be available for this multimodal program. These funds could still flow through the state DOT's, but no project could be built unless it is consistent with the MPO transportation plan and jointly approved by the local governments working through the MPO.

Establish flexible funding for highway and transit programs for urban areas within certain parameters.

Tri-Met supports the principle of flexible funding between highway and transit programs as is proposed in the Administration's proposal to reauthorize the STA. However, the Administration's bill skews this flexibility totally in favor of the highway program by allowing only 15 percent of the HNS funds to be available for non-highway purposes, while all of the transit funds could potentially be spent on highway projects with some limited

safeguards. Tri-Met urges the Committee to support the safeguards contained in the Administration's bill. HNS funding should be flexible to meet the needs in a corridor. The best or most readily available solution isn't always widening an Interstate highway. The objective can often be met more economically through an arterial or mass transit project.

The Portland region has a great deal of experience with flexible funding in the Interstate Transfer program as the region withdrew two segments of the Interstate system in the 1970's. These funds were then allocated by the region for both highway and transit projects and were used to construct the Banfield Light Rail Project and 184 arterial road or highway projects. The existence of these funds forced the regional governments, the state DOT, the MPO and Tri-Met to work together and establish regional priorities. Those decisions were not skewed by match ratio biases since all of the Interstate transfer monies were available at 85 percent federal match.

Tri-Met would recommend that the flexible program be modeled after the Interstate Transfer program. This program provided match ratio equity and required local governments to work cooperatively. This resulted in a consensus for those projects selected that was critical in going to the voters to securing monies for the local match, with the state legislature in securing additional regional funds and before the Congress in obtaining appropriations out of the Interstate Transfer program.

However, prior to permitting flexibility for the transit dollars, Tri-Met would also recommend that under any circumstance that none of the transit be available to be spent on highway projects until both the basic needs of the nation's transit systems are met and sufficient capacity expansion is provided for. If the flexible pot of highway funds is sufficiently high, then transit funds should be flexible also, but only to the same extent that the highway funds are flexible. The Administration's FY 92 authorization request of $3.2 billion is clearly inadequate to satisfy this requirement.

In conclusion, Tri-Met greatly appreciates the opportunity to present our views on the reauthorization of the STA. We believe that our experience in developing a workable land use and transportation plan and in utilizing Interstate Transfer funds with their flexibility and match ratio equity is a model that should be emulated in the reauthorization of the STA. In addition, we also believe that localities that have had the foresight to anticipate the future and enact difficult land use and zoning decisions should be rewarded and not penalized under the provisions of the STA.

Oregon's Statewide Planning Goals

1. Citizen Involvement
2. Land-Use Planning
3. Agricultural Lands
4. Forest Lands
5. Open Spaces, Scenic and Historic Areas, and Natural Resources
6. Air, Water, and Land Resources Quality
7. Areas Subject to Natural Disasters and Hazards
8. Recreational Needs
9. Economy of the State
10. Housing
11. Public Facilities and Services
12. Transportation
13. Energy Conservation
14. Urbanization
15. Willamette River Greenway
16. Estuarine Resources
17. Coastal Shorelands
18. Beaches and Dunes
19. Ocean Resources

GOAL. To provide and encourage a safe, convenient and economic transportation system.

A transportation plan shall (1) consider all modes of transportation including mass transit, air, water, pipeline, rail, highway, bicycle and pedestrian; (2) be based upon an inventory of local, regional and state transportation needs; (3) consider the differences in social consequences that would result from utilizing differing combinations of transportation modes; (4) avoid principal reliance upon any one mode of transportation; (5) minimize adverse social, economic and environmental impacts and costs; (6) conserve energy; (7) meet the needs of the transportation disadvantaged by improving transportation services; (8) facilitate the flow of goods and services so as to strengthen the local and regional economy; and (9) conform with local and regional comprehensive land use plans. Each plan shall include a provision for transportation as a key facility.

Transportation refers to the movement of people and goods.

Transportation Facility refers to one or more transportation facilities that are planned, developed, operated and maintained in a coordinated manner to supply continuity of movement between modes, and within and between geographic and jurisdictional areas.

Mass Transit refers to any form of passenger transportation which carries members of the public on a regular and continuing basis.

Transportation Disadvantaged refers to those individuals who have difficulty in obtaining transportation because of their age, income, physical or mental disability.

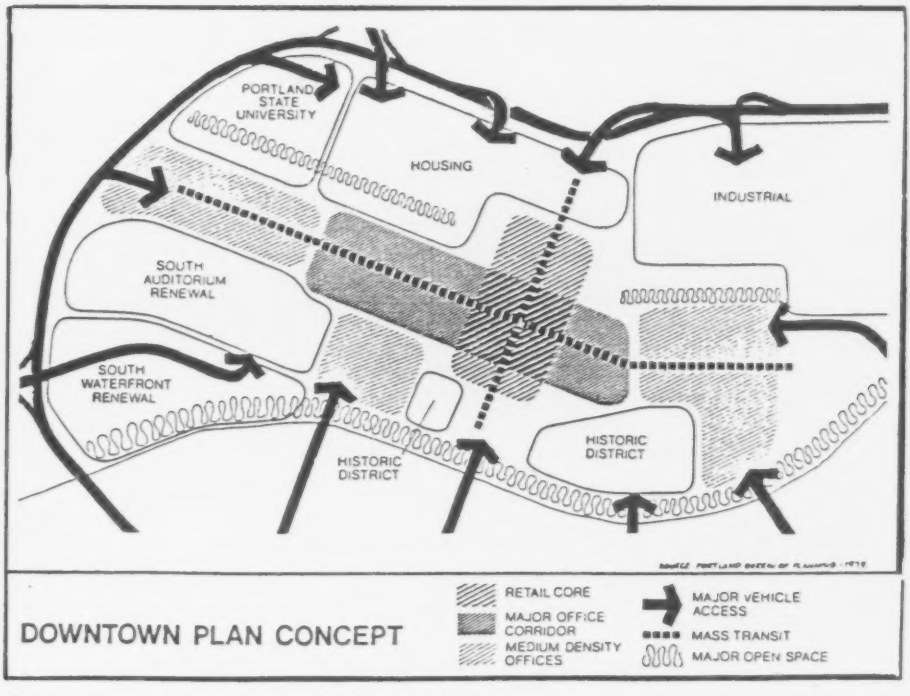
Guidelines:

A. *Planning*:

1. All current area-wide transportation studies and plans should be revised in coordination with local and regional comprehensive plans and submitted to local and regional agencies for review and approval.
2. Transportation systems, to the fullest extent possible, should be planned to utilize existing facilities and rights-of-way within the state provided that such use is not inconsistent with the environmental, energy, land-use, economic or social policies of the state.
3. No major transportation facility should be planned or developed outside urban boundaries on Class I and II agricultural land, as defined by the U.S. Soil Conservation Service unless no feasible alternative exists.
4. Major transportation facilities should avoid dividing existing economic farm units and urban social units unless no feasible alternative exists.
5. Population densities and peak hour travel patterns of existing and planned developments should be considered in the choice of transportation modes for trips taken by persons. While high density developments with concentrated trip origins and destinations should be designed to be principally served by mass transit, low-density developments with dispersed origins and destinations should be principally served by the auto.
6. Plans providing for a transportation system should consider as a major determinant the carrying capacity of the air, land and water resources of the planning area. The land conservation and development actions provided for by such plans should not exceed the carrying capacity of such resources.

B. *Implementation*:

1. The number and location of major transportation facilities should conform to applicable state or local land use plans and policies designed to direct urban expansion to areas identified as necessary and suitable for urban development. The planning and development of transportation facilities in rural areas should discourage urban growth while providing transportation service necessary to sustain rural and recreational uses in those areas so designated in the comprehensive plan.
2. Plans for new or for the improvement of major transportation facilities should identify the positive and negative impacts on: (1) local land use patterns, (2) environmental quality, (3) energy use and resources, (4) existing transportation systems and (5) fiscal resources in a manner sufficient to enable local governments to rationally consider the issues posed by the construction and operation of such facilities.
3. Lands adjacent to major mass transit stations, freeway interchanges, and other major air, land and water terminals should be managed and controlled so as to be consistent with and supportive of the land use and development patterns identified in the comprehensive plan of the jurisdiction within which the facilities are located.
4. Plans should provide for a detailed management program to assign respective implementation roles and responsibilities to those governmental bodies operating in the planning area and having interests in carrying out the goal.



The downtown plan for Portland focuses transit along the retail and office corridors
SOURCE *Portland Bureau of Planning*

Mr. MILLAR. Thank you very much, Jim. I appreciate that very complete description of the good things that have been going on in Portland. I think we all understand a little bit better how Portland has achieved success with its transit program.

And I congratulate you for that.

This completes the two papers that were distributed ahead of time. Now, we'll turn to a panel of four reactors to these papers.

The first of these reactors is Franklin White. Franklin White has served as a New York State Transportation Commissioner since 1985. He serves as the chief executive officer of New York DOT, which is one of the largest State transportation and public works organizations in the Nation, employing some 12,000 people with a budget of $4 billion.

It is the oldest line agency in the New York State government. He has responsibility for highways, bridges, mass transit, rails, ports and aviation facilities.

Prior to joining Governor Cuomo's administration, Commissioner White served as the Virginia Secretary of Transportation and Public Safety.

Prior to that, Commissioner White was the Associate Director for Justice on the Domestic Policy Staff on the White House.

He is a member of the Executive and Policy Committees of the American Society of State Highway and Transportation Officials.

And he serves on the executive committee of the Transportation Research Board.

He has recently completed a term as the president of the Northeast Association of State Highway and Transportation Officials.

Commissioner White, welcome.

STATEMENT OF FRANKLIN WHITE, CHIEF EXECUTIVE OFFICER, NEW YORK STATE DEPARTMENT OF TRANSPORTATION

Mr. WHITE. Thank you, Bill.

I am delighted to have been asked to be one of a number of people to comment on the two papers we've heard. I could frankly not be more pleased with the quality of the papers that I think have been presented, especially the very erudite, if you will, summary of how we got to where we are.

But, there's another reason why I am delighted to be here, and that has to do, as I scanned today's agenda, with the fact that I think I'm the only person today who has responsibility for both highways and transit.

I mention that because so often, folks in the transit business think that people who have anything to do with highways don't understand and appreciate transit objectives. And, similarly, those of—I can't say "us" since I'm on both sides—people in the highway business, frequently, it is assumed are jealous of money allocated to transit.

Well, I can tell you that we in New York State don't have that problem. I couldn't possibly have that problem because, in my remarks, I point out we spend an enormous amount in New York State on transit, probably half of what is allocated at the national level.

We, in New York, have adopted mobility as part of our corporate mission. That means that, when we have a transportation problem, before we decide that we're going to solve that transportation problem by highway expansion, we look to see whether the demographics suggest that there ought to be a transit solution.

And if, indeed, there is a transit solution, then that's the one we seek to pursue; as with those of us in this business, the money may not always be there for the solution you want. But, that is the way we're coming at solving this problem.

Before I comment specifically on the question presented today, which is what structure would we like to see, and on the papers, let me just review a little bit of our interest in New York in transit and some of the problems that we see posed by the directions that are in the Federal proposal.

It comes as no shock that New York State is the lowest per capita gasoline consumer of all the 50 States. The reason is simple.

Our largest city, the Nation's largest city, has its central business district served by a complex and efficient system of public transportation. Indeed, on Manhattan Island, which is the central business district, nearly 9 out of 10 work trips are made by public transportation.

Those of you who know New York City's traffic jams undoubtedly share with me the wish that it could be an even greater proportion. And, of course, it's going to get worse according to all of the predictions unless we do more to increase ridership on public transit.

The importance of public transportation to New York is made evident by the observation that to move the commuters now entering Manhattan during the peak hour of a typical business day would require more than 200 additional lanes of highways, or about four times what exists in the area today.

A construction feat of this magnitude would translate into building nearly 70 additional Brooklyn bridges. And you might imagine, we don't want to be in that business any more.

As I've indicated, in addition to managing the State's highway and bridge maintenance and construction programs, we are involved in the funding and program oversight of a broad spectrum of transit systems. These range from the vast and complex New York City subway to small, rural bus systems.

And I need to point out that, as many other States, New York is not really one State, it's probably three or four. We have parts of upstate, western New York, that are as different from the suburbs and Manhattan as any other part of the country could possibly be.

New York State provides operating and capital assistance totaling about $1.4 billion annually, a sum equivalent, as I've said earlier, to nearly half the Federal transit program.

Let me turn now to the question before the panel:

How should the reauthorization bill be structured to accommodate in the best way the varying needs of all transit systems?

We believe the Federal transit program has done a good job of helping to maintain existing transit services, as well as enabling the construction of a number of new rail systems. But, the problems of traffic congestion and mobility will be increasing, as we all know. Unlike the Federal highway program, which has reached a

milestone with the near completion of the interstate system, the Federal transit program has reached no such milestone.

The transit program was revised in 1982 and seems, we believe, to be working well; with some additional funding and program modifications, we believe the present transit program can be adapted to meet current and emerging mobility needs.

The two papers presented for our consideration today are, in our judgment, excellent and, certainly, they cover the bulk of the major issues facing the Federal transit program at this time.

I agree with Bill that any new transit program will be unworkable unless accompanied by significant increases in overall funding. Our State could prudently use our share of a nationwide funding level of $5.5 billion in 1992, growing to the $11 billion level that I think APTA has proposed.

In these difficult times, however, it is an understatement to say that these funding levels will be difficult to attain.

Similarly, we are concerned that the proposal would substitute trust fund moneys for existing general fund obligations. While we recognize the overwhelming need to balance the budget and the general fund, in particular, the proposed transfer, as has been observed, will deplete the trust fund without so far as we can tell any plan to meet post 1996 obligations.

We believe the substitution should not be done without agreement on such a plan. Additional funding for capacity expansion and urban mobility must be provided, as everyone has noted.

The administration's proposal falls short in providing funding levels in two ways:

First, for the rehab we need to do, and certainly for the capacity expansion that we must have.

The program must provide adequate capacity funding to create what has been described as the level playing field, which does not now exist.

In States like New York, there just isn't sufficient highway funding to meet the needs of repairing our roads and bridges, much less provide for a capacity expansion.

While some flexibility between today's highway and transit programs has been official, what is really needed is more funding to allow each mode to meet its current rehab needs and then additional funding for multimodal capacity projects.

Both papers advance equal or matching shares at levels higher than the administration has proposed. Both papers advocate—I think I misspoke—flexibility in the use of funds is best achieved through parity of highway and transit matching shares, which a number of others have observed.

We share the administration's belief that most Federal transit funding should be allocated by formula. Formula is related to needs and extent of transit services should be used, we believe, to apportion the bulk of Federal transit aid. The current section 9 formula, we believe, contains these factors and should be retained.

Funding for rail modernization should be allocated to all cities as proposed by the administration, both old and new.

We would disagree with the allocation of these funds based on historic discretionary shares, since it would not equate or translate to the modernization needs we, in fact, have.

We also believe that the section 9 formula distributing aid to urbanized areas, between 50,000 and 200,000, ought to include a service component, as does the formula for the larger urban area.

This would help ensure that scarce Federal resources are better targeted to areas with extensive transit service.

We believe that all urbanized areas, regardless of size, should retain the ability to use Federal funds for operating or maintenance assistance. This will help ensure that the Federal investment is properly maintained.

Mr. Cowen notes that coordinated land use and transportation planning can prove the success of new start transit projects. We certainly agree with that.

We agree that the criteria for project selection for capacity expansion projects should, however, be broadened not only to include land use planning, but to include the achievement of congestion, energy and air quality objectives.

One could not conclude otherwise when looking at a number of Federal programs that they are not being designed and operated in concert with each of the policy objectives we have.

For example, we believe that the highway formula which is proposed in the highway part of the bill, which would distribute highways according to gasoline consumption, that it's not possible to explain such a formula when one recognizes that mobility is the alleged objective of the new Federal transportation policy.

Moving on, we would include local funding commitments beyond required levels as a criterion to give appropriate credit to areas that are willing to provide a substantial local commitment to their projects.

Although not mentioned in either paper, it is important to New York that the Transit Reauthorization Bill fund the interstate transfer transit program to completion consistent with the administration's proposal.

I don't think that was in the paper but, Bill, you certainly mentioned that.

In addition, new policies and mandates which increase transit costs, such as the Americans With Disabilities Act and the Clean Air Act, should be accompanied by Federal participation.

The administration's proposal provides little additional funding for these mandates and leaves them to be funded by the writer through fair increases or by the State and local governments.

In closing, we believe that the Federal, State and local partnership in funding public transportation must continue. The upcoming reauthorization bill must contain increased authorization levels to preserve a reasonable level of Federal participation in funding public transportation.

In summary, on the fundamental question whether we should move to a new program structure or seek incremental change to the current structure, New York strongly favors the latter, incremental change.

The success of the current transit program with its many positive features leads us to conclude that the revisions suggested here, indeed, by both papers—and I suspect, by all other speakers—with these revisions, the current basic structure can serve us well into the 21st century.

Again, congratulations on both papers.,

Mr. MILLAR. Thank you very much. We appreciate your comments.

Our next reactor is Larry Dahms. Larry has been the executive director of the Metropolitan Transportation Commission for more than 12 years. He serves an 18-member board of directors comprised entirely of locally elected officials representing the 9 counties and 97 cities in the San Francisco Bay Area.

As the Bay Area's transportation planner and banker, MTC speaks with authority for transportation interests in Sacramento and Washington, DC.

Mr. Dahms' career has included positions with the Army Corps of Engineers, California Legislative Analyst, BART, Arthur Little, and the California Department of Transportation.

He is a member of the boards of directors of the Eno Foundation for Transportation, Californians for Better Transportation.

He's a past chairman of the Transportation Research Board Executive Committee. And he is actively involved with the National Association of Regional Councils and the American Public Transport Association.

Larry, give us the view from the Bay, please.

STATEMENT OF LAWRENCE DAHMS, EXECUTIVE DIRECTOR OF METROPOLITAN TRANSPORTATION COMMISSION OF THE SAN FRANCISCO BAY AREA

Mr. DAHMS. Thank you, Bill. Hopefully, the view from the Bay, it's kind of rainy today.

Thank you very much for inviting my participation and that of my Commission in these proceedings. MTC is not necessarily understood by everyone, so let me say just a little more about what we are.

We are characterized in Federal lingo as the Metropolitan Planning Organization, which is one part of the Federal act, and we are the designated recipient for section 9 funds elsewhere.

It's because of these dual responsibilities that we do work closely with the American Public Transport Association, APTA, and the National Association of Regional Councils, NARC, in developing and advancing our interests.

We're pleased to be associated with the aggressive positions that we see these national associations are taking relative to reauthorization.

We do work the highway side of the street as well. Early in this reauthorization process, AASHTO sponsored a finance conference up in Vermont. And one of the last impressions that I had came from a side trip to Burlington, VT, a relatively small city with a surprisingly lively downtown in conjunction with that conference.

The downtown is tied together by a transit mall and that transit mall was paid for with urban mass transportation funds.

Mr. Cowen's testimony dwells for the better part of the first part of his report telling, I think, an incredibly impressive story of how the transit program has been pivotal in reversing Portland's fortunes. The Portland story is all the more revealing in how it dem-

onstrates how local leadership engaged in a comprehensive development strategy of land use, transportation and environmental decisions, the kind of institutional demo project there, is certainly worthy of emulation.

Bill Millar focused, as you just witnessed, on the evolution of the Federal program and did not dwell on his own city. Nonetheless, he, too, has a very impressive story to tell. His system embodies a transit mode to meet the various markets of his city. It includes a subway downtown and an innovative and effective busway.

And even an occasional visitor, I believe, to Pittsburgh will observe the renewed vitality of that city as well.

In the San Francisco Bay Area, we have our own story to tell about how the MUNI, and in San Francisco, the BART system and the Cal-Train commuter rail that connects San Francisco and San Jose, the Santa Clara light rail, our newest rail system, and the many bus systems in the region, all of which are key to our long-term strategy of enlivening San Francisco, Oakland, San Jose and the other city centers in our region.

These and many other examples around the country combine and demonstrate how prophetic it was for the Senate Committee, this Senate Committee, two decades to recognize and nurture transit investment as a vital contribution to urban preservation and renewal.

And while a huge challenge remains, it is well to reflect on the accomplishments that have flowed from the Senate's initiative and support in the transit program.

Now, let me turn to the reauthorization and how we would hope that it can be structured to meet the continuing and emerging challenges of metropolitan life.

In this regard, I am pleased to follow and comment on the testimony and the proposals advanced by Jim and by Bill.

The program structure and concepts that they advance are quite similar and parallel the principles advocated by my Commission. Thus, for the most part, the rest of my remarks will elaborate on some of the basic concepts identified in theirs.

Bill begins by giving credit to the U.S. DOT National Transportation Policy Statement. And while he's disappointed that the administration's reauthorization proposal falls short in advancing the concepts expressed in the MTP, it could be that the cup is half full.

We seek higher funding levels, but we are relieved that this administration does not disavow a Federal interests in transit, as the last one did.

We seek flexible funding at the metropolitan level and believe that the urban and rural program flexibility that is offered by the administration on the highway side of its bill does offer a starting point for that idea.

We seek local decisions through an MPO process to decide transportation investment priorities and see the congestion management program, also on the highway side of the bill, as possibly the foundation for developing that concept.

Certainly, we join with Bill and his praise of Brian Clymer and the administration to giving attention once again to the importance of a meaningful research program as a vital part of the continuing transportation program.

So, if these administration reauthorization ideas fill the cup half full, then what's necessary to bring the liquid to the brim?

Again, I would agree with Bill in urging higher levels of funding, supported by an increased gasoline tax at the appropriate time, and for the same reasons. The three plus $1 billion administration proposal for transit is only ½ the Federal level of a decade ago in real buying power, as has been said by almost every witness today.

In our case, the section 9 formula program added to local match was sufficient to sustain ongoing rehabilitation of our transit capital 10 years ago.

And, today, it's only half enough.

Among other things, inadequate section 9 funds puts a tremendous burden on the discretionary section 3 program, which is also insufficiently funded. We are also expanding our rail systems in the Bay Area. We have a regional consensus supporting a $3.5 billion rail program. And while we have 70 percent of State and local commitments to that $3.5 billion program and those are real commitments, voter approved local taxes, while we have that, we still require the 30 percent Federal part. And it translates to a Federal need of nearly $100 million a year over the next 10 years for our area alone, or ⅓ of the total amount proposed by the administration.

And it's pretty obvious that, even though we're the best advocates in the country, that we probably won't secure ⅓ of the Federal program.

To restore the Federal program to a fullfunding partnership will require an increase to $6.5 billion.

To engage the U.S. DOT as a partner in battling growing congestion while fulfilling responsibilities associated with the Americans With Disabilities Act and the Clean Air Act would require an additional funding boost and/or heavy reliance on flexible access to the highway account.

Restructuring the program in our view is as important as increasing it. However, Bill notes in citing the difficulty in achieving program reform if additional revenues are not part of the program. Most program recipients will be expected to oppose any reform that potentially has an effect of reducing their allocation.

Flexibility is the most popular concept embodied in almost everyone's program structure proposal. Jim Cowen in his testimony demonstrated clearly that the administration's version of flexibility is fatally flawed. It undermines maintenance and rehabilitation of transit by both its insufficient funding level and its antioperating bias.

At the $3 billion level, the administration certainly shouldn't expect much in the way of shifts of transit money to highway projects.

The administration's proposal undermines a shift the other way, from freeways to arterials or to transit investments, by devoting most of the highway funding to the national highway system and limiting transfer from that system to other systems.

This deficiency is exacerbated by the fact that only $1 State is required to secure $3 Federal for the national highway system where, on the other hand, $1 local is required to secure $1 Federal of real transit expansion.

Based on Portland's productive experience with interstate transfer, it suggests this to be the starting point for our metropolitan decision making and a practical example of how to benefit from flexible funding.

Our interstate transfer experience, unfortunately, was not so positive. We don't think that such decisions should have to be made only as an exception to the rule of freeway building.

We believe instead such decisions should be made as part of one orderly decision process, absent Federal program bias.

As part of that process, Mr. Cowen argues the need to revise our new start criteria. We concur with his argument that the existing cost effectiveness test undermines other objectives to be served by rail investments. And we oppose the administration's attempt to codify this narrow criteria in the reauthorization.

Rather than reform the alternatives analysis that underlies that criteria, we believe it necessary to subject the full range of transportation investment decisions, that is, highways and transit, to a common set of objective criteria.

This does not suggest, however, that every significant highway is subject to an equivalent alternative process. It means instead that a corridor level analysis should lead to real choices among potentially competing environments, again, with footnotes of equal matches and the other things that make it possible for them to really be potentially competing.

Now, the support of transit operators from Portland, OR and from Pittsburgh, PA for a metropolitan program where capacity expansion decisions are made certainly demonstrates an evolution in the thinking on the part of the transit community. And, of course, we agree.

How can this work?

We believe it depends on there being a metropolitan transportation system budget. While this could be created or implemented by creation of a single metropolitan transportation system categorical program, it's more likely to be feasible if it were to be the product of a highway formula program that builds on the existing Federal urban formula structure combined with a section 9 type transit program.

We believe such funds should flow on the condition that there be no linkage between the system plan and planning process and the program budget rather than simply as a block grant.

This system planning requirement can be built under the congestion management plan proposed in the administration's highway bill. Mind you, I'm not trying to create a new requirement that would get in the way of those important rehab funds flowing, that have been referred to by earlier speakers. Instead, I'm speaking to those capacity expansion decisions where the flexibility is really needed.

Further, I would refer to the discussion this morning of Mike Meyer in particular and Frank Francois, where they dwelt at length on improving the planning process. I'm not so certain that the planning process is as deficient as some would see. And I'm not so certain it's going to help to improve upon it much if we overlook the fact that it is not tied directly to budgeting and it doesn't matter how good it is.

Now, the San Francisco Bay Area is making a major local contribution to transit. And it's long been our priority and it's a growing region. We have financial capacities some other parts of the country lack.

And we are using that capacity. We share, nonetheless, common problems with our transit friends from around the country.

Now, I'll use one last example to illustrate.

For many political reasons, at the State and local level, we are not very successful in backfilling operating funds as they decline from the Federal level. The capital bias exists in the State Capital, just as it seems to exist here.

But, these operating funds are as important to us as they are to others. And so we agree with Bill Millar in his assertion that it makes little sense to spend a dollar for something new and then not spend the few cents required each year for its proper maintenance and utilization.

Now, in my written remarks, I end up on an optimistic note that this committee will lift us again, as they did before, when the transit program was created, to a new threshold of support for livable communities. And I hope that optimism will play out.

Certainly, there have been encouraging discussions. We've been here all week talking to the Public Works staff on the House side and the committee staffs on this side. We've been encouraged by some of the talk about increasing the levels of funding. We've been encouraged here by the fact that the Senate Banking Committee and the Public Works and Environment Committee are working together in ways that are unprecedented.

And we certainly wish them well. It's a once in a lifetime opportunity as we come to the end of the interstate era. And we hope to be a part of striking that new balance that will merit the optimism that we all have now.

[The complete prepared statement of Lawrence D. Dahms follows:]

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Testimony Before

SENATE BANKING AND

URBAN AFFAIRS COMMITTEE SYMPOSIUM

by

Lawrence D. Dahms

On Behalf

METROPOLITAN TRANSPORTATION COMMISSION

of the

San Francisco Bay Area

March 13, 1991

(0153Q)
JOSEPH P. BORT METROCENTER • 101 EIGHTH STREET • OAKLAND, CA 94607-4700 • 415/464-7700 • FAX 415/464-7848

Testimony of Lawrence D. Dahms, Executive Director
Metropolitan Transportation Commission of the San Francisco Bay Area
Senate Banking and Urban Affairs Committee Symposium
March 13, 1991

Mr. Chairman and members of the Committee, thank you for inviting the Metropolitan Transportation Commission (MTC) to participate in your symposium of transit leaders gathered to examine reauthorization of the Urban Mass Transportation Act. MTC is characterized as a metropolitan planning organization in one part of the act and as the designated recipient for Section 9 formula funds in another part of the act. Having these dual responsibilities, we work closely with the American Public Transit Association (APTA) and the National Association of Regional Councils (NARC) in developing and advancing our interest. We are pleased to be associated with the aggressive positions these national associations are taking in seeking reauthorization.

MTC works the highway side of the street as well. Early in our work on reauthorization I participated in the American Association of State Highway and Transportation Officials (AASHTO) conference on transportation finance convened in Stowe, Vermont. It was a productive conference. To me, however, the most striking and lasting impression came from a side trip to Burlington, Vermont - a relatively small city with a surprisingly lively downtown. A transit mall seems to have given it new life - and lo and behold - at the end of my stroll I found a placard acknowledging the UMTA contribution to development of this renewal catalyst.

(0153Q)

The first five pages of Jim Cowan's testimony tells a very impressive story of how the transit program has been pivotal in reversing Portland's fortunes. The Portland story is all the more revealing in how it demonstrates local leadership engaging a comprehensive development strategy of land use, transportation and environmental decisions.

Bill Millar's testimony focused on evolution of the federal program rather than its impact on his city. Nonetheless, he, too, has a very impressive record. His system embodies a transit mode for every market including an attractive subway downtown and a very cost effective busway. Even an occasional visitor to Pittburg observes its renewed vitality.

In the San Francisco Bay Area we have our own story to tell about how Muni, BART, Caltrain, Santa Clara Light Rail, and the region's bus systems serve over 1 1/2 million riders today and are key to the strategy to enliven San Francisco, Oakland, San Jose, and our many other city centers.

These and many more examples around the county combine to demonstrate how prophetic it was of this committee two decades ago to recognize and nurture transit investment as a vital contribution to urban preservation and renewal. While a huge challenge remains, it is well to reflect on accomplishments that have flowed from your initiative and support of the transit program.

Now let me turn to the question of how the reauthorization can be structured to meet the continuing and emergency challenge of serving metropolitan life.

In this regard, I am pleased to follow and comment upon the testimony and proposals advanced by Jim Cowen and Bill Millar. The program structure

concepts they advance are quite similar and parallel the principles advocated by my commission. Thus, for the most part, my testimony elaborates on some of the basic concepts identified in their's.

Bill Millar begins by giving credit to the US DOT National Transportation Policy proposal regarding the need for increased transportation investment, flexibility in highway and transit funding, integration of land use decisions and the importance of research and human development in anticipating future improvements. While Bill is disappointed that the administration's reauthorization proposal falls short in advancing these concepts - the cup may be half full.

We seek higher funding levels, but are relieved that this administration does not disavow a federal interest in transit as the last one did. We seek flexible funding at the metropolitan level and believe the urban and rural program flexibility offered by the administration in the highway bill offer a starting point for that idea. We seek local decisions through the MPO process to decide transportation investment priorities and see the congestion management plan program element, again on the highway side, as a foundation for developing this concept. And, finally, we join with Bill Millar in his praise of Brian Clymer and the administration for giving attention once again to the importance of a meaningful research budget as a vital part of the continuing transportation program.

If these administration reauthorization proposals fill half the cup - what is necessary to reach the cup's brim?

(0153Q)

We agree with Bill in urging higher levels of funding supported by an increased gasoline tax and for the same reasons.

The $3+ billion administration proposal for transit is only 1/2 the federal level of a decade ago in real buying power. In our case, the section 9 formula program added to local match was sufficient to sustain ongoing rehabilitation of our transit capital plant ten years ago - today it is only half enough as illustrated in Exhibit 1 attached.

I won't dwell on the Section 3 discretionary program. Needless to say, inadequate Section 9 funds puts a tremendous burden on the discretionary funds. Competition for rail modernization far exceeds available funds. Current and accumulated requests for Section 3 rail modernization amount to $173 million. We expect less than $60 million in 1991.

We are also expanding our rail systems to address urban mobility and air quality problems. We have a regional consensus on a $3.4 billion rail program that is based on a 30% federal contribution. This translates to a federal commitment of nearly $100 million a year over the next 10 years - or one-third of the total annual amount proposed by the Administration.

To restore the federal program to a full funding partnership would require an increase to $6.5 billion. To engage the US DOT as a partner in battling growing congestion while fulfilling responsibilities associated with the American Disabilities Act and Clean Air Act would require an additional funding boost and/or heavy reliance on flexible access to the highway account.

(0153Q)

Restructuring the program is as important as increasing it. However, Bill Millar notes the difficulty in achieving program reform if additional revenues are not part of the picture. Most program recipients can be expected to oppose any reform potentially having the effect of reducing their allocation.

Flexibility is the most popular concept embodied in almost everyone's program structure proposal.

Jim Cowan demonstrates clearly, however, that the administration's version of flexibility is fatally flawed. It undermines maintenance and rehabilitation of transit by both its insufficient funding level and its anti-operating bias. At the $3 billion level the administration should not expect a shift from transit to highway projects.

The administration's proposal undermines a shift from freeways to arterials or transit investments by devoting most highway funding to the National Highway System (NHS) and limiting transfer to other systems. This deficiency is exacerbated by the fact that only one state dollar is required to secure $3 federal for the NHS whereas one local dollar is required to secure one federal dollar of rail transit expansion.

Based on Portland's productive experience with Interstate transfer, it suggests this to be a starting point for metropolitan decision making and as a practical example of how to benefit from flexible funding. Our Interstate transfer experience has not been so positive. We do not think such decisions should have to be made as an exception to the rule of freeway building. We believe, instead, such decisions should be made as part of one orderly decision process, absent federal program bias.

(0153Q)

As part of that process, Mr. Cowan argues the need to revise UMTA's new start criteria. We concur with his argument that the existing cost effectiveness test undermines other objective to be served by rail investments and oppose the administration's attempt to codify narrow criteria in the reauthorization. Rather than reform the alternative analysis that underlie the criteria - we believe it necessary to subject the full range of transportation investment decisions (highways and transit) to a common set of objective criteria. This does not suggest that every significant highway be subject to an equivalent alternative analysis process. It means, instead, that a corridor level subsystem analysis should lead to real choices amoung potentially competing investments.

The support of transit operators from Portland and Pittsburgh for a metropolitan program where capacity expansion decisions are made certainly demonstrates an evolution in thinking on the part of the transit community. And, of course, we agree. How can this work? We believe it depends on there being a metropolitan transportation system budget. While this could be implemented by creation of a single metropolitan transportation system categorical program - it is more likely to be feasible if it were to be the product of a highway formula program that builds on the existing federal aid urban formula structure combined with a Section 9 type transit program.

We believe such funds should flow on the condition of there being a linkage between the metropolitan transportation system plan and planning process and the program budget rather than simply as a block grant. This system planning requirement can be built on the congestion management program proposed in the administration's highway bill.

(0153Q)

As illustrated in Exhibit 2, the San Francisco Bay Area is making a major local contribution to transit. It has long been a priority for us. As a growing region, we have financial capacity some other parts of the county lack, and we are using it. We share, nonetheless, common problems. One last example will illustrate. For many political reasons, we have difficulty raising and sustaining sufficient operating funds. They are as important to us as to others. We agree with Bill Millar in his assertion that it makes little sense to spend a dollar for something new and not invest the few cents required each year for its proper maintenance and utilization.

Given our common objectives and the convergence of thought concerning a restructured transit and highway program - we are optimistic this committee will write a reauthorization to lift us to a new threshold of support for liveable communities - just as it did in launching the federal transit program in the first place. We hope that we can continue to assist you toward that objective.

(0153Q)

EXHIBIT 1
Transportation Replacement Needs vs Section 9 Actual Funding

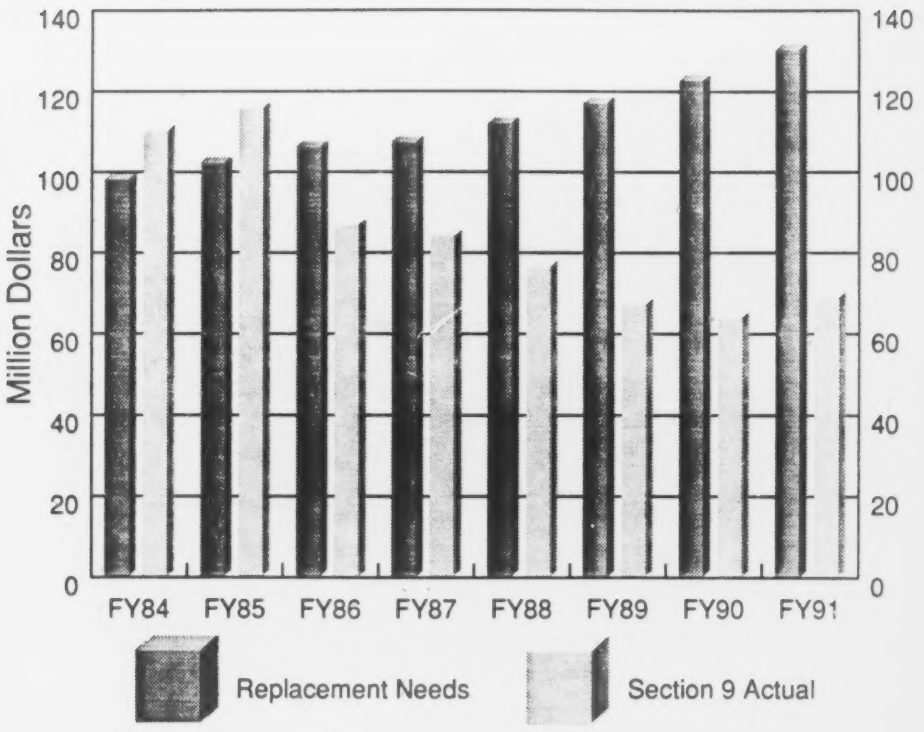
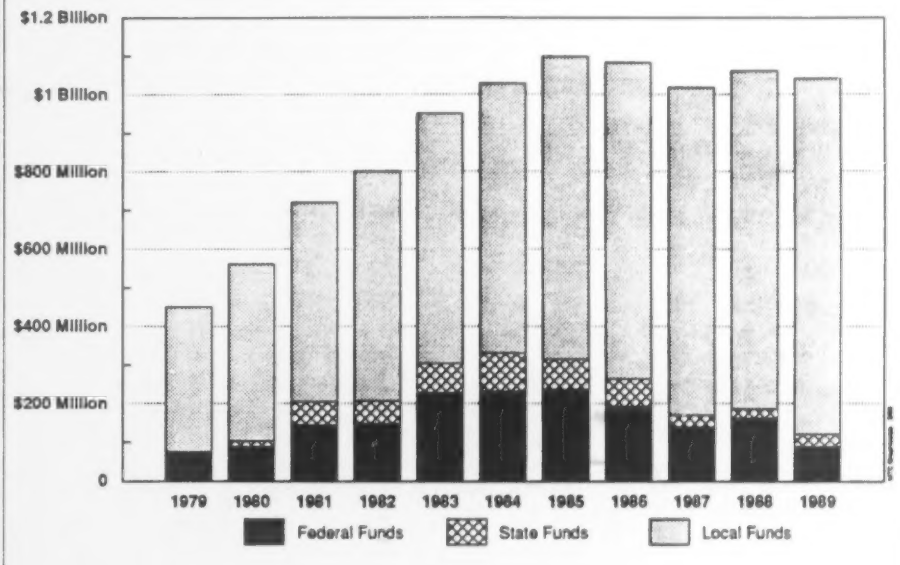


EXHIBIT 2
MTC Region Transit Funding



Local Support Strong, State/Federal Funds Still Vital

- Over the past ten years, local funds have provided an increasing percentage of the support needed for transit in the MTC region.
- Voters of the five largest Bay Area counties have approved separate half-cent sales tax measures bringing to a full one percent the tax levied to support transportation. The region is now close to the limit in its ability to provide additional local revenues.
- While local support is strong, federal dollars remain a vital component of the transit funding partnership.

Mr. MILLAR. Thank you very much, Larry.

Our next panelist is Sara Campbell. She is the projects director of the Surface Transportation Policy Project, which represents some 100 public and private organizations who are interested in the reform of the Federal transportation program, so that the Federal transportation investments advance the national interest in environment, energy conservation, economy and enhanced communities.

She has some 15 years experience in transportation planning and capital program management, and has served in a variety of public sector positions, including State and local DOT's, as well as the U.S. Department of Transportation.

She is a member of the Transportation Research Forum, the Women's Transportation Seminar, the committee of 100 on the Federal City and the District of Columbia Taxi Cab Commission.

If this were a less formal forum, boy, would I give you a different introduction. But, anyhow, among the awards she has received for her professional endeavors is the Secretary of Transportation's Meritorious Achievement Award for her contribution on the development of National Urban Policy. She has worked as a consultant to numerous organizations, including the Office of Technology Assessment of the U.S. Congress.

Sara Campbell, tell us your views. Thank you.

STATEMENT OF SARA CAMPBELL, PROJECTS DIRECTOR, SURFACE TRANSPORTATION POLICY PROJECT

Ms. CAMPBELL. Thank you very much. I'm very pleased to be here today. I want to express my appreciation to the committee. I'd also like to thank the panelists for their fine papers and the remarks that we've had today.

It's interesting to follow four such distinguished professionals in the field and to see that there is so much agreement among them. It may be a little bit like speaking to the crowd, but I would have to echo Larry Dahms' point that I've been surprised, and I have had some involvement in every highway bill since 1978, at the kind of cooperation and interest that I am seeing both in the House and the Senate on such issues as what stability of funding more support for urban programs and transit programs.

I just want to say that I think we're starting this reauthorization effort on a very high note, particularly compared to some of the other situations we have found ourselves in, in past years.

I am representing the Surface Transportation Policy Project, and it is a very broadly based coalition of environment and transportation, energy conservation, preservation, neighborhood preservation design professionals.

We have both public and private organizations who are members. And I happen to have with me some statements of purpose that I am going to distribute to anyone who is interested in the organization before I leave.

We are free, so you're welcome to join us as we pursue these common objectives. My task today is an easy one as there is so much to agree on between what our speakers have said and the positions that the policy project is taking.

Certainly, we would agree with Mr. Millar that current Federal highway and transit programs simply do not achieve our national mobility and policy objectives. That's really a key reason for the project's existence.

We formed ourselves in 1990, just this fall, and immediately received a very strong response from the various communities which we originally approached, both the public interest groups and the professional transportation and energy conservation environmental communities.

In short, the project is looking at alternative program structures for both the highway and transit sections of the program. Also, the highway safety program, which I might mention is important, too, that focus on the performance of systems in moving people and goods, the current Federal Surface Transportation Programs and, certainly, the administration's proposal for the reauthorization continued to be directed toward systems and not performance. And we think that's where the error lies.

If we intend to build on the hard work of Congress and enacting the Air Quality Amendments of last year, as Mr. Cowen points out, we must direct our Federal programs to performance and to measure performance in terms of national objectives.

And I think that recent congressional actions have made our national objectives quite clear.

In simple terms, the project sees the national interest in transportation in terms of energy conservation and efficiency, environmental quality, economic health and enhancement of the communities.

Both of our presenters today represent two very different communities, which I've had the opportunity to see in recent years and am very impressed with the things that have been done in both locations.

Each in their own way demonstrates the value of transportation investments, both to the environmental health and the economic health of the region. And I think those are important models for us to use in the question of how we want to restructure the Federal Surface Transportation Program.

The key in both Portland and Pittsburgh is that they measure transportation investments in terms of mobility for people and not in terms of system miles. In considering how to approach the reauthorization, the project considers that we should consider how the national program can achieve similar benefits for the country.

The 1980's were not a good time for people who had either urban or transit interests in mind. We lost considerable ground in both areas. Never mind that over 70 percent of the U.S. population live in these urban communities. Not only did transit funding decline precipitously, but that tiny little urban systems program, the Federal aid urban systems program, actually declined in terms of real dollars, and in terms of inflation, it fell off the charts.

I think the Bush administration proposal also falls short of that policy vision that we've had described to us for the communities of Portland and Pittsburgh; also, San Francisco. Despite some effort to increased flexibility in the use of funds that is proposed in the administration's bill, the basic message is:

Transportation defined in terms of modes, and very little of that in terms of transit.

The truth is that the administration has proposed a flat authorization for transit that does not even grow with inflation. In terms of outlays, the administration has proposed a cut of 20 percent in the transit program between this fiscal year and 1992.

Frankly, I think that's the more important number to watch. That's really money, and it's a real cut in terms of transit's purchasing power.

In his press conference announcing the administration's legislative package, Secretary Skinner was asked why the transit program really wasn't proposed to grow, why transit wasn't the higher priority.

The response was that the administration had tried to balance the programs, but that most travel in this country is done on highways. So, the program will reflect that.

I do think that defines the status quo.

The project looks to Congress and to this committee in particular to help craft a new surface transportation program in the national interest. Both of our speakers have talked about the importance of the flexibility of funding and of enhanced local decision making.

I'd like to underscore the importance of those points. The proposals that the project will be making in the next several weeks are based on those points. We think that they're the right point of departure for developing new transportation programs.

Like our presenters, project participants believe that we will get better results, more mobility and lower total personal and societal costs if we free the hands of State and local officials and transit operators to make decisions based on mobility needs rather than available funds.

In looking to Portland for a minute, we can see the importance of substitution programs. There are several important lessons to be learned from substitution programs. If you look at it from the institutional level, these are very much applicable to the reauthorization both of the transit program and for the highway program.

First of all, there are certain factors encouraging highway projects over transit, as Mr. Millar has correctly pointed out. The end result of this program is that 48 percent of the funds available from withdrawn interstates have gone to transit projects.

That is substantially different from the allocation of resources for transit in recent Surface Transportation Reauthorizations, where the percentage of transit funding as compared to total highway and transit funding has declined from about 30 percent in 1982 to 17 percent of total funds in 1992 under the administration's proposal.

The percentage actually declines to barely 15 percent by 1996.

Second, the forum for decision making on the use of these funds was the MPO for the urbanized area. Through that process, local officials and the transit agency were able to put plans into action. Larry Dahms' point about if you're talking about strengthening the planning process, you're probably using the wrong words:

What you really need to talk about is tying a good planning and decision process to the money. The little bit of money that we've had has not been sufficient to do that.

The results in both Portland and Pittsburgh are substantially enhanced communities, enhanced in terms of environment, job creation and just generally the quality of life in those communities. I think they really are good models.

The third point, about the substitution program, that is also worth repeating in this case, is that the match for both the highway and the transit projects was the same. As a person in charge of the capital program at that time and who had substantial substitution funds to spend, I will tell you that the equalization of the matching rate was very important.

The project believes that better and stronger planning and decision making processes at both the State and local level are needed. And we're very grateful to Mr. Cowen for showing leadership in the transit community on both the issues of planning and on research. We think that's been very important and will become more important as we talk about flexible funding and how one would allocate resources at the regional level.

We are also at the project interested in the important connection between land use and transportation. I would note that the administration has made that same connection, generally, in its planning proposal.

Portland, again, serves as a useful example in this case. Our proposals emphasize the importance of transportation plans and investments reflecting adopted State and local land use plans. In a number of States, that will mean growth management plans, such as in Portland.

And this will encourage the better utilization of transit.

While we would encourage these policies, we would agree that incentives, as Mr. Cowen has suggested, could be built into the basic program and would support that. We would not seek authority for the metropolitan planning agencies to have actual land use planning controls unless the relevant State and local governments direct that approach.

Also, I would like to stress that, while project participants believe that transportation funds should be flexible, we also recognize that the inadequate funding for transit during the last decade has created special demands that need to be addressed before making the transit program flexible.

I think that among those are important new Federal mandates which have also been mentioned—the air quality requirements for improvements in equipment, as well as the increased role of transit in all urban communities would argue for that alone. But, also, the disability legislation.

These require additional funds. The translation of these needs is more guaranteed support for transit as well as a large pot of flexible funds that are put into the hands of local governments through a strengthened regional decision making process that links the planning to the money.

We would propose equal Federal shares for highway and transit as with the substitution program.

In closing, I would urge you to consider a strong role for transit in the Surface Transportation legislation.

Thank you.

[The complete prepared statement of Sara Campbell follows:]

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Remarks of Sarah C. Campbell, Director
of the
Surface Transportation Policy Project
before the
Senate Banking and Urban Affairs Committee
Symposium

March 13, 1991

Mr. Chairman and members of the Committee, I want to express my appreciation for the invitation to appear before you and to respond to the testimony of Mr. Cowen and Mr. Millar. I am representing the Surface Transportation Policy Project, a broad-based coalition of more than one-hundred private and public organizations which have come together to assure that federal support for transportation promotes the attainment of critical national objectives. Project participants represent such diverse areas as transportation, energy policy, environmental quality, planning, neighborhood and historic preservation, design quality, and transportation safety.

My task today is an easy one as there is so much to agree on between these speakers and the Project. Certainly we agree with Mr. Millar that current federal highway and transit programs do not achieve our national mobility and policy objectives. A key reason for the Project is that we believe there is a way to achieve Mr. Millar's broad policy goals. In short, the Project is looking at alternative program structures that focus on the performance of systems in moving people and goods. The current federal surface transportation programs and the Administration's proposal for the reauthorization are directed to systems rather

goods. The current federal surface transportation programs and the Administration's proposal for the reauthorization are directed to systems rather than what those systems can do.

If we intend to build on the hard work of Congress in enacting the Air Quality Amendments last year, as Mr. Cowen points out, then we must redirect our federal programs to performance and to measure performance in terms of national objectives. In simple terms, the Project sees the national interest in terms of energy efficiency, environmental quality, economic health, and enhancement of communities.

Both our presenters today represent two very different communities that each in their own way demonstrates the value of transportation investments to the environmental and economic health of a region. The key in both Portland and in Pittsburgh is that they have measured transportation investments in terms of mobility for people, not in terms of system miles.

In considering how to approach the reauthorization, we should consider how the national program can achieve similar benefits for the country.

I think that the Bush Administration proposals fall short of that policy vision. Despite some effort toward increased flexibility in the use of funds, the basic message is transportation defined in terms of modes and very little support for transit. The truth is that the Administration has proposed a flat authorization for transit that does not even grow with inflation. In terms of outlays, the Administration has proposed a cut of over 20 percent between this fiscal year and 1992. That's real money and a real cut in terms of transit purchasing power.

In his press conference announcing the Administration's legislative package, Secretary Skinner was asked why transit program really wasn't proposed to grow; why transit wasn't a higher priority?

The response was that the Administration had tried to balance the programs, but that "most travel is done on highways, so the program will reflect that."

That certainly defines the status quo.

The Project looks to Congress and to this Committee in particular to help craft a new surface transportation program in the national interest.

Both of our speakers have talked of the importance of flexibility of funding and of enhanced local decision making. I'd like to underscore the importance of those points as the basis for restructuring the federal surface transportation program.

Like our presenters, Project participants believe that we will get better results -- more mobility at a lower total personal and societal cost -- if we free the hands of state and local officials and transit operators to make decisions based on mobility needs rather than available funds.

Looking to Portland for a minute, we can see the importance of the Interstate Substitution program. There are several important lessons to be learned from the Substitution program that are applicable to the reauthorization.

First, while there were certain factors encouraging highway projects over transit, (as Mr. Millar points out) the end result is that approximately 48 percent of the funds available from withdrawn Interstates went to transit projects. That is substantially different than the allocation of resources for transit in recent STA authorizations, where the percentage of transit funding to Highway funding has declined from 31% of total funds in FY 1982 to 17% of total funds in FY 1992 under the Administration's proposal.

Second, the forum for decision-making on the use of these funds was the MPO for the urbanized area. Through this process local officials and the transit agency were able to put their plans into action. The results are a substantially enhanced community today.

Third, another point about the Substitution program that is worth remembering is that the match for both highway and transit projects was the same.

In addition, the Project is interested in the important connections between land use and transportation. Portland serves as a useful example in this case as well. Our proposals emphasize the importance of

transportation plans and investments reflecting adopted state and local land use plans. In a number of states that will mean growth management plans that as in Portland will encourage the better utilization of transit. We would encourage these policies, but will not seek authority for metropolitan planning agencies to have land use planning controls unless the relevant state and local governments direct this approach.

Additionally, I would like to stress that while Project participants believe that transportation funds should be flexible, we also recognize that the inadequate funding of transit during the last decade has created special demands that need to be addressed before making the transit program fully flexible. In addition, there are important new federal mandates under the air quality and disability legislation that must be met with additional funds.

In closing, I would urge you to consider a stronger role for transit in the surface transportation legislation.

Mr. MILLAR. Thank you very much. I appreciate that.

Our final panelist is Vickie Shaffer. She has been active in the mass transit industry for some 13 years now. She began her career in 1977 at the Tri-State Transit Authority in Huntington, WV, where she has served as general manager since 1980.

Under her direction, the Authority has developed from a system threatened with extinction for lack of local financial and political support into a modern, progressive transit system.

Ms. Shaffer spearheaded the successful campaign in 1982 to win voter approval of an excess property tax dedicated to her Authority. Under her leadership, the Authority has won numerous awards, including areas of improved transportation for the elderly and handicapped, marketing, revenue recovery, community projects and management innovation.

Her personal honors include the 1984 UMTA Administrator's Certificate of Merit, the 1987 Outstanding Transit Manager's award from the State of West Virginia, and the 1987 Business Woman of the Year award from the American Business Women's Association.

In West Virginia, she's served as both the president and vice president of the State Transit Association. She is a very active member of the American Public Transit Association and the Community Transportation Association of America.

Vickie, tell us how it is in West Virginia.

STATEMENT OF VICKIE SHAFFER, GENERAL MANAGER, TRI-STATE TRANSIT AUTHORITY, WEST VIRGINIA

Ms. Shaffer. All right. I feel a little bit like the last bus that comes into the garage, you know. No one's around by then but the maintenance crew. So I'd like to start off by thanking you all for being my maintenance crew.

And we might talk a little bit to close this up about perhaps a little different perspective on maintaining the transportation program in our reauthorization process.

My system and the perspective from which I look at reauthorization is quite smaller than Pittsburgh and Portland. I think Bill has done a beautiful job of giving us a framework for thought on this matter. And there is, both in Pittsburgh and Portland, probably no two finer examples of successful programs that are, by all means, a product of the partnership with the Federal Government.

And that partnership has been a strong one until about the last decade. And I'm amazed in the last 10 years that you've succeeded in doing what you have been able to do, as that partnership has just fallen apart.

It used to be 50/50 and now I sometimes go around wondering if Uncle Sam is still out there.

To give you a quick perspective, there are 29 vehicles in my fleet. There's 53 people. We operate 6 days a week. The buses are all in the garage by 8:30 at night. We carry about 725,000 passenger trips a year.

My typical passenger, a woman, she's probably middle aged. He gets the car; she doesn't. She works. She earns a low income.

On the bus with her, 20 percent of the net ridership is probably senior citizens. It's their only means of getting around. And the very young, who don't drive yet and haven't been able to convince mom or dad to buy them a car.

And in almost all cases, our ridership is very transit dependent also because they simply have low incomes and cannot afford automobiles.

Our recommendations for reauthorization shade a bit away from the major glitzy media arguments, and the strongest arguments, valid arguments for reauthorization of the program.

We don't fight congestion in rural America. We fight isolation. And that mass transit program is the life line for many people in rural America. It may mean survival in terms of health care. It certainly means that right to independence that we all have in this country, so that those folks don't have to depend on someone else to get where they're going.

Not only is isolation a lack of independence, it can be very expensive when you have to pay your neighbor, or perhaps even your kids—they're not doing too well either—to take you on a 50-mile trip up and a 50-mile trip back to go to the doctor or go to the grocery store. That's an expensive trip. It's a whole lot more expensive than that county next door that has a public transportation system.

We don't fight traffic congestion in our small urban cities in most cases. Frankly, in Huntington, WV, if I have to sit through a red light more than once, I think things are really tough, "What's all this traffic this afternoon?"

Our environment's in pretty good shape. Mostly, we worry about the stuff that's going to blow over from the big cities and catch up with us one day.

And I think last, but not least, planning is terribly important in addressing the dramatic problems that America faces in its major cities, where most of our people live.

Frankly, we plan in most of the systems that I deal with for survival. That's very short-term planning, from year to year, and we don't have the luxury of planning for growth or planning for change, or planning for future investments, because we don't usually know from year to year what the money's going to be next year.

So there's no sense in drawing up too many pipe dreams. We have been successful in getting local support for our systems. In my State alone, I'm real proud to brag that all of our big cities, which are all under 200,000, have succeeded in getting the voters to approve a property tax dedicated to those transit systems. There is no exception in West Virginia.

On top of that, we even have a rural county that did that for rural transit systems. So we have a constituency. The legitimacy of our mass transit programs, I think, is on the table. And I'm glad to see we see that in the Administration's proposal.

I think, finally, we have achieved the stamp of legitimacy. We may not care if that stamp is put on paper, but at least it is the stamp of legitimacy at this point.

My Congressman, I'm proud to say, Nick Jo Rahall, was on the House Public Works Subcommittee on Surface Transportation, has introduced a bill for reauthorizing the mass transit program.

We have given it the name "the Mobility Assistance Act of 1991." The bill doesn't really mess that much with the program the way it is now. The bill, quite frankly, is designed and directed to protect the interests of the Section 18 program for rural transit; section 16.B.2 programs for the elderly and handicapped; and the section 9 programs for smaller areas.

The beauty of the thing is that we are all planning for growth so it's not that we would get more at someone else's expense. And, in my Congressman's bill, what we would get is a little bit more growth than the bigger properties would. But, we always ask to remind you to think of that in dollars and not in percentages, because a 10 percent growth in my budget, $600,000 per month, is nothing like 10 percent in Bill Millar's growth from Pittsburgh. His numbers are so big that they're like the Federal deficit; I can't understand it.

He's been very successful in getting bipartisan sponsorship on that bill, and I've been real pleased here to have a lot of my smaller and rural constituents coming back to me and my friends in the industry and saying, "Hey, I know about the bill. What do you know about the bill? My Congressman is interested in the bill."

Perhaps we will be successful in gaining some interest for sponsorship in a similar bill on the Senate side.

I would like to just point out a couple of things that are in that bill that are a little bit different from the current program, as well as some increased funding.

We also are talking about a mobility assistance program in the act that would provide the money to restore cut service. But there's a very, very strong emphasis on behalf in my Congressman's bill and through the Community Transportation of America to address the total absence of public transportation in many rural communities in our country.

That comes in part from the loss of Greyhound, the loss of Trailways, the loss of Amtrak. We walked into Senator Rockefeller's office yesterday, sat down and she said, "We know you want more money. Let's talk about the Greyhound line that we lost at Dolly Bridge, Charleston. Can you take care of it?" "Sure. More money?" "We can take care of anything with more money."

So, we need to be keenly aware that there's a need for new starts in rural America. And I can assure you that the investment for that new start is going to be nothing like the investment for new starts as we know them today, which usually are light rail or heavy rail commuter in large urban areas.

We don't have to move anybody out or buy their property or relocate them, or anything, for a new start. Buy 6 buses. We're off. Get some diesel fuel and get our families and our friends where they need to go—in rural America.

I am going to disagree to a point with what all my compatriots on this panel have had to say about flexibility. We will be arguing with our Congressman and urging him very strongly to exempt any flexibility on funding between highways and mass transit in the 200,000 population groups and under, and in rural America.

If we have to go up against highways, and I don't care what the thing says about planning requirements, I don't care what the law says about who has to do what and it's OK with the Governor, we will lose 9 times out of 10.

I go up against Commissioner Van Kirk in West Virginia with money for mass transit versus money for highways, and I guarantee you folks it's going to go into quarter H. It ain't going to buy my buses. No way. It's got to be kept out of that reauthorization as far as the use of funds for small urban areas and rural areas, or we won't see it.

It is not a good idea in our case. There is no need. The logic and the legitimacy of the need in Bill Millar's case and in every case at this table, I support 100 percent. Please understand that. But, give us guys a break because it's not going to help us; it's going to hurt us. We will lose.

One other thing that's in the bill that I would like to bring to your attention is money set aside to address the needs and requirements of the Americans With Disabilities Act. And that will fall as hard on the small urban and rural areas as it will on the rest of the Nation. And we, like the rest of the Nation, are very anxious to do a good job with that.

ADA is on the table. We have a new potential community of ridership to serve. It's kind of exciting. We want to do it right. We want the Congress in the long run to be proud of the Americans With Disabilities Act, and they will not have anything to be proud of if they don't help us pay for the solutions.

I certainly appreciate the opportunity to be here. I thank you again for being my maintenance crew.

And, Bill, thank you.

[The complete prepared statement of Vickie Shaffer follows:]

STATEMENT BY

VICKIE SHAFFER, GENERAL MANAGER
TRI-STATE TRANSIT AUTHORITY
HUNTINGTON, WEST VIRGINIA

BEFORE THE

SENATE SUBCOMMITEE ON HOUSING AND URBAN AFFAIRS

SYMPOSIUM ON THE FUTURE OF PUBLIC TRANSIT

MARCH 13, 1991

Mr. Chairman and members of the Committee, may I add my expression of appreciation for the opportunity to participate in this symposium about the reauthorization of the Urban Mass Transportation Act. I appear here in my capacity as General Manager of The Tri-State Transit Authority in Huntington, West Virginia and as a representative of small urban, rural and specialized transit interests. I will testify from the perspective of a manager of a small urban transit system and as an active member of both the Community Transportation Association of America (CTAA) and the American Public Transit Association (APTA).

My transit system, The Tri-State Transit Authority, operates a fleet of 29 vehicles, employs 53 people and serves an area population of approximately 86,000 people. We provide close to 725,000 bus trips a year, largely on regular route service. Like other small urban and rural operators, our ridership is largely accounted for by women, senior citizens, the very young, and folks with low incomes. Our riders are almost entirely dependent on TTA bus service for all their transportation needs.

Our recommendations for reauthorization of the Federal transit programs have an emphasis a bit different from that of my distinguished associates from Portland and Pittsburgh. Rural America is fighting isolation. Small urban America is not fighting traffic congestion. Traffic is heavy in Huntington, West Virginia if I sit in line through more than one red light. Believe me, we would give our right arm for urban sprawl and the need for an urban containment boundry. And our environment is in pretty good shape. It's the environment over there in the big city that we worry is coming our way.

Our recommendations are directed to our ecomonic well-being and to an enhanced quality of life for the people who depend upon us for their independence and, in some cases, their very survival. We hope that in the process of reauthorizing our federal transit legislation that you will take advantage of this infrequent opportunity to reassess our existing policies and to respond to the changes that have occurred in our transportation needs.

First and foremost, we hope that you will put the brakes on the near-withdrawal of the Federal Government from its partnership with local government - a partnership that has been the core of transit policy since 1964. In the last decade, Federal support for public transportation has been cut in half. In terms of its relative importance in the Federal budget, mass transit has fallen to one-fourth of the status it had 10 years

ago. We cannot afford to continue our disinvestment in an essential component of the nation's economic infrastructure.

My congressman, Nick Joe Rahall (D-WV), member of the House Public Works Committee Subcommittee on Surface Transportation, and a bi-partisan group of co-sponsors have introduced the Mobility Assistance Act of 1991 (H.R. 1079) to reauthorize our Federal transit programs in the The Federal Public Transportation Administration. The new name better reflects the role of an agency responsible for public transportation in all areas. We hope that a similiar bill will be sponsored in the Senate to address the transportation needs of our citizens in small urban and rural America.

Small urbanized Areas

The Huntington urbanized area is one of 250 such areas with a population between 50,000 and 200,000 people. It is worth noting that 30% of those areas remain unserved by federally-assisted public transit. It is expected that when the returns are all in from this year's census, the number of small urbanized areas will increase by at least 50. Half of those newly created places will lack public transportation services.

Those of us who do have transit services have, in recent years, been increasingly squeezed between what we in West Virginia call "a rock and a hard place." The cost and demand for service has risen while the federal support for mass transit has declined. While small urbanized areas collectively account for 11 percent of the nation's population, we receive less than 6 percent of total federal transit assistance.

The Federal Government spends $21.00 per person for mass transit in our nations largest cities - those with over 1,000,000 population. Small cities like the one I live in receive about $6.00 per person. And only $1.00 per person makes it to rural America.

Our research indicates that the percentages of formula funds that now go to the small urban and rural areas of America reflect no more than a codification of where money was going when the Urban Mass Transportation Administration (UMTA) was originally authorized. These formulas do not, and never have, reflected a distribution of funding based upon need, national priorities or political reality. The Mobility Assistance Act of 1991 would increase the percent of formula funds for small urbanized areas from 8.6% to 10%, more closely recognizing the distribution of population between large urban, small urban and rural areas.

Rural Mobility Needs

Before the last 10 or 15 years, there was little recognition that rural areas might have legitimate public transportation needs. Now there is a growing awareness that rural America accounts not only for 37% of the population but also for one-third of all the people who can be considered transit dependent because of their lack of access to adequate private transportation resources - such as a family car or pick-up truck. Rural public transportation currently receives less than 4 percent of Federal Transit Assistance. The Mobility Assistance Act of 1991 would address this disparity by allocating 7.5% of transit formula funds to rural areas - still only one-fifth of their per capita share.

A disproportionate share of the elderly, the disabled and the poor live in rural areas. About 35 percent of non-metropolitan counties have no federally assisted public transporation service at all. In many of those counties where there is service, it is limited to only portions of the county and frequently to only a few days of the week. It has been estimated that transit service in rural areas today is adequate to serve only one-tenth of the basic transportation needs of an isolated and transit-dependent population. In my state of West Virginia, there is no public transportation in 56 percent of the rural counties.

What does all this mean? The unemployed in rural areas may well have no job because they cannot afford to get to one. Or if you can get to one, you don't make enough money to pay someone to take you home.

Senior citizens can comprise anywhere from 20% to 80% of the total ridership in a rural transit system. They rely on the bus for medical care, for shopping, for social events - for the lack of isolation. Being isolated is expensive when you don't own or drive a car and there is no Greyhound and there is no Amtrak and there is no cab service. You have to rely on someone else for basic needs and you have to pay them to get you there and get you back.

Medical care in rural America can be hours and miles away. How do you get there if you don't drive or own a car? You do not go or you pay someone to take you. If National Health Insurance is a big issue on the horizon, wait until we get it and your constituents can't use it because they have no transportation.

Increased Transit Accessibility

Enactment this year of the Americans with Disabilities Act (ADA) constitutes both a recognition and a challenge. The ADA recognizes the basic importance of mobility to the quality of life for all and specifically for persons with disabilities. It is a challenge to make that mobility a reality by extending access to public transit to those previously unserved. Meeting that challenge will require a real commitment from those of us who are transit providers. And, alas, it also commands a commitment on the part of federal policy makers to provide the funding to make their essential pledge in the ADA a reality.

The Mobility Assistance Act of 1991 acknowledges the responsibility of the Federal goverment in funding the implementation of the ADA. It would earmark 10 per cent of each year's spending from the mass transit trust fund for a special Mobility Assistance Program (MAP).

Coordinating Federal Transit Investment

There is a growing awareness at the state and federal level that the Urban Mass Transportation Administration is not the only federal agency providing significant levels of support for transportation services. To the $3 billion a year currently invested in transit by UMTA, one must add another $1 billion which represents spending by social service programs on the transportation that is essential to their assistance roles. Nationally, transportation is the third largest cost item for programs under the Older Americans Act.

FLEXIBILITY

My colleagues have brought to your attention the proposal in the Administration's bill to create some "flexibility" in the use of highway and mass transit funds. Speaking for my transit system, "flexibility" is a dirty word. We are ardently opposed to any mass transit funds for small urban and rural transit systems being subjected to the demands of the highway system. To permit Federal transit funds to be used for the construction of public highways succeeds only in removing from Congress the responsibility to protect and support a mass transit program for the nation.

Mass Transit will lose out to Highways 9 times out of 10. The highway program will grow. The mass transit program will shrink some more.

As the Administration proposes to reduce the federal share for transit capital from 80% to 60%, mass transit program dollars for small urban and rural transit systems will languish in Washington for the lack of local matching dollars. The languishing dollars will be defined as "excessive." And the next thing you know those dollars will be transferred to highway projects.

Frankly, I cannot entrust to the Secretary of Transportation the responsibility to make a determination as to whether or not my city, county or State has a "sufficient amount of transit dedicated funding rather than some very minimal amount" in making certain that the mass transit funds are transferred to highways "in a fair and equitable manner." If you would entrust the Secretary with that decision, I have a slightly damaged bridge on the Euphrates River that I'd like to sell to you.

The Administration also proposes to authorize the use of mass transit funds for highways once the Governor determines that there are no "priority transit needs unmet in the state." I'm not so sure who is in the kitchen at this point. And I can just see the priority transit needs in West Virginia would be given in competition with roads and highways. Sure.

THE MOBILITY ASSISTANCE ACT OF 1991

In order to respond to the needs that I have summarized here, we must restore federal transit investment and support to a more appropriate place on the roster of national priorities and we must restructure the ways in which that assistance is carried out to better serve the transportation needs defined by our smaller communities and the transit dependent public.

We are all painfully aware of the degree to which relative federal support for transit has eroded in the last decade. The results are manifest in our aging vehicle fleets, rising costs and declining services. We believe the disinvestment in mass transit in the last decade is a significant factor in our nation's declining economic competitiveness.

People get on a bus for two basic reasons. To earn money or to spend money. When they get off the bus, someone else benefits too - the service sector, the merchant, the employer. In small urban and rural America, just as in megalopolis, the law of supply and demand does not work well in the absence of an adequate transportation system. The efficiency and the success of our economic system will only be as great as the efficiency and the success of our transportation network.

In terms of the restructuring needed in the federal transit programs, the Mobility Assistance Act of 1991 would:

1) Allocate at least 10 percent of formula assistance to small urbanized areas - both to repair the damage from the underfunding of recent years and to meet the expanding needs of new and previously unserved small urban areas.

2) Allocate at least 7.5% percent of total UMTA assistance to rural areas. The mobility needs of rural Americans have been seriously neglected over the years and have contributed to economic stagnation and a growing isolation from our national transportation network.

A combined allocation of 17.5 percent of total formula funds to small urban and rural America would come much closer to reflecting a distribution of funding based upon need, national priorities and political reality than today's formulas which reflect no more than a codification of the way things used to be.

3) Establish a Mobility Assistance Fund within the Mass Transit Account of the Highway Trust Fund to assure adequate resources to meet our commitment to mobility for the disabled and others who are highly dependent on access to transit service.

4) Create a State Initiative Block Grant Program for rural and small urban areas to provide assistance for new system starts in communities that currently lack public transit services or have suffered a decline in service.

5) Authorize the Secretary of Transportation to lower local federal matching requirements in certain low-income rural communities to help finance transportation services.

6) Continue and increase the current capital assistance for elderly and handicapped transportation through the Section 16 (b)(2) program;

7) Implement and underwrite at the state and local level, a formal coordination mechanism involving both public and human service transportation providers to develop and carry into effect appropriately coordinated transportation arrangements.

We believe that a reauthorization of transit programs that includes these elements will give federal transit investment the higher priority that world events today demand and that the Country deserves. We also believe that these elements will, in turn, give greater priority within the federal transit program to the needs of those who are entirely dependent upon it - needs which should be at the core of any national transit policy.

Mr. MILLAR. Thank you very much, Vickie. We appreciate that view. I never thought about new starts in rural areas. That's good. I like that.

We're supposed to end in 3 minutes. However, since, as always, a panel will always consume all the time allotted to it and cheat the audience out of questions, we're going to extend until 4:30.

However, I understand that some of our panelists have other transportation arrangements they have to run to. So, as their time ticks off, I hope you'll excuse them as they leave.

But, with that understanding, we'll now open it to the floor.

Who has the first comment or question they'd like to address to our panel?

PARTICIPANT. Bill, you had I think the most important statement made today, although I think there have been many important comments, is what you call the Burke Theory. And that is that more money will cure all ills.

And can you talk tactically with us just a bit about how that might be pursued?

Mr. MILLAR. I think there's a couple of ways. First, if we set our sights on a program of $5–6 billion, maybe there's a way to creatively blend what we have with what the Administration is proposing.

What do we have?

We have almost $2 billion already allocated in general funds. And approximately $1 billion plus in gas tax funds over and above that.

If one were to treat that as the base and not substitute gas tanks for general funds, but just leave the $2 billion in general funds there, it seems to me that we could adopt the Administration's very good idea to add $2 billion additional from the Gas Tax Fund.

And, suddenly, you have a program that's a little over $5.5 billion, or $5 billion, almost $5.5 billion.

I don't profess to be an expert at all on what last year's budget agreement meant then or what it means now. Or what somebody will tell me it means at the right time this summer.

But, I believe that, if you preserve your base, if you work with funds that have already been collected that are in the gas tax, and the taxes are already raised for, there must be a way for people who understand that process better than I to make it work.

But that would be my concept of how to get at least up into the first year. I think, ultimately, there can be no kidding ourselves. Ultimately, the taxes are going to have to go up because we have to sustain the program for a long time.

And if, in the early years, we want to draw down on the trust fund balances, which I think all of us support, that's fine. But, we want to make sure then that we don't hit a cliff in a few years and suddenly fall over that cliff.

So I think it's going to have to be creative, but I think it can be done that way.

Would any of the panelists care to expand upon that? Challenge it, or give any other ideas?

Ms. CAMPBELL. Endorse it.

Mr. MILLAR. Consider it endorsed. We may take some great folks here.

Other comments or questions? Yes, ma'am?

PARTICIPANT. Sara, the transit program, when it was first endorsed at the national level, incorporated reasons like the environment, energy, urban mobility, air quality and just a general concern for the urban areas.

It seems as though mobility is still a Federal justification.

What are you proposing? The administration's bill doesn't seem to tie the Air Quality Act to Urban Mass Transit.

What kind of specific proposals do you have to bring the concerns of the urban area back together into more integration of the transit package with the rest of life, if you will.

Ms. CAMPBELL. I think the metropolitan planning process is the place to do that in the urban area. But we're also pointing out a flaw in current law, which is that the State DOT's are not required under Federal law to have a plan.

So, it's a little difficult for the metropolitan plans or their funding tips to fit within the substantial resources that are allocated to the States when the States are not required to put anything down on paper. They're not required to plan.

Of course, a number of States do but, quite often, those are long-term capital projects.

But, in terms of money, we're looking at a larger flexible urban and a larger flexible rural program on the highway side.

And in the transit program, we certainly would endorse Bill's proposal to take the administration up on its offer of more trust fund dollars and keep the general fund level at what we have now.

But, I think the key is making the planning process and the funding process, like them together. But, you've got to start with having something at the State that relates these national goals and gives the metropolitan plan something to fold into so that you have an opportunity to see how the total transportation program plays out, not only in the metropolitan area, but at the State level where the money is.

Ms. SHAFFER. Could I add a comment to that?

It's interesting that you would ask us that question. I would ask the President that question, given the bill he's put up for authorization.

Hey, we are the answer to clean air, and we will get folks out of their cars. But, not if we can't offer attractive service.

So, the chicken or the egg is sitting over at the White House and he's starting it all wrong. We're going to fix it. We will have clean air, and we will help.

Mr. MILLAR. I'd like to reinforce that with a couple of statistics. As Larry said, I modestly didn't brag much about my system, but I need to do a little bit of bragging here to justify the plane ticket, I guess.

One of the things we found in Pittsburgh is that, if you make the proper investment, people will, in fact, respond. I've already explained we're in a declining area in terms of population. I have the dubious distinction of having the metropolitan area that lost the largest population in the last 10 years—not something we're necessarily proud of but, nonetheless, it is what it is. Not surprisingly, if you look at the raw transit data, a lot of our transit ridership has declined as well in that period.

But, if you look beyond the raw, the gross number, and look at some specifics, there's some real hope there.

In the same period, our per capita transit ridership has grown. So, today, we now serve about 60 percent of the downtown commuters by a transit and we serve about 50 percent of the downtown shoppers by public transit.

Also, if you look at individual investments, for example, our Martin Luther King, Jr. east busway, when that was opened in 1983, we were serving 20,000 riders a day on the routes. Today, we're serving 31,000 riders a day and growing.

Likewise, on our light rail system, we only rebuilt half of it; we still have another half to go.

But, even with that, we opened with 24,000 people a day. We're now approaching 35,000 people a day.

It is true that our regular buses on regular streets, where they do not offer any distinct advantage over the automobile, the ridership has steadily declined, about equal with the population loss.

But, where the investment has been made and where we make the trip attractive by increasing the speed, walla, you get the payback.

So I think Vickie's point that we are the answer to an awful lot of the urban problems is true if the investment is targeted correctly.

I might add, we do that without really all the other policy things that we should be doing. We don't have as good a parking policy pricing as we should. I guess that's pricing policy. But, anyway, whichever way that goes, we don't have it as much as we should.

And we certainly have a problem with land use control where, in our county, 130 municipalities control the land use. And, guess what? It doesn't get controlled in a way that I think most of would think it ought to be.

So, even accepting that we haven't done the good job that Portland's done in those areas, we still get the ridership growth on specific investments when they're well done, carefully thought out and go after a particular market.

Other comments? Questions? Yes?

PARTICIPANT. Bill, in Pittsburgh, isn't it true that there's a major investment now underway in one of your downtown stations?

Mr. MILLAR. We're just hoping very soon to have a ground breaking on about a $500 million private investment on the air rights over our main subway station. If that comes to pass, as we hope it will, that's a huge investment for a community our size.

In fact, they tell me, if it's built, it will be about the largest, I guess, outside of Manhattan in terms of something that's right over a subway stop.

So, yes, again, what we've seen is these public investments bring private investments. Sometimes, they take longer than you'd expect. But, apparently, they do happen.

Other comments or questions?

[No response.]

Mr. MILLAR. We wore you out.

Please thank our panelists for the good job they did.

[Applause.]

Mr. MILLAR. Thank you all very much.

[Whereupon, at 4:05 p.m., the hearing was concluded.]

[Additional material supplied for the record follows:]

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Newport Beach

March 4, 1991

Senator Alan Cranston
United States Senate
Committee on Banking, Housing, and Urban Affairs
Washington, D.C. 20510-6075

Dear Senator Cranston:

Thank you for giving the Southern California Association of Governments (SCAG) staff an opportunity to provide input to the National Symposium on Public Transit.

SCAG, as the Metropolitan Planning Organization (MPO) for the six Southern California counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura must consider both mobility and the related air quality impacts of planning for a region with a current population of 15 million residents and a projected population in excess of 18 million by the year 2010.

In attempting to manage these twin concerns, transportation and air quality, SCAG has adopted the Regional Mobility Plan which places very heavy emphasis on transit, while also stressing the significance of demand management, system management and, to a limited degree, facility development. Our goals are clearly stated in the Plan; we must reach a 19% transit share of trips compared to a present 6% by 2010, and we must meet the Clean Air Act mandates. Accomplishing this is a herculean task, and requires the full participation of all levels of local, state and federal government and the private sector.

1. OVERALL FUNDING LEVEL.

The transit development program proposed by SCAG in the 1989 SCAG Regional Mobility Plan is the most ambitious such program to date. It is required because there simply is no other way to meet the mandates placed on local government by state and federal authorities to limit

ALTERNATES

Imperial County: **Jeanne Vogel**, *Supervisor* • Los Angeles County: **Ed Edelman**, *Supervisor* and **Pete Schabarum**, *Supervisor* • Orange County: **Gaddi Vasquez**, *Supervisor* • Riverside County: (Vacant) • San Bernardino County: **Larry Walker**, *Supervisor* • Ventura County: **James Dougherty**, *Supervisor* • Cities of Imperial County: **Victor Sanchez, Jr.**, *Mayor*, Westmorland • Cities of Los Angeles County: **John Crowley**, *Councilmember*, Pasadena • Cities of Orange County: **John Kanel**, *Mayor*, Cypress • Cities of Riverside County: **Richard Deininger, Jr.**, *Councilmember*, Corona • Cities of San Bernardino County: **Larry Rhinehart**, *Mayor*, Montclair • Cities of Ventura County: **Vicky Howard**, *Councilmember*, Simi Valley • City of Los Angeles: **Richard Alatorre**, *Councilmember* & **Joy Picus**, *Councilmember* & **Michael Woo**, *Councilmember* • Long Beach 2nd position: **Jeffries Kellogg**, *Councilmember* • At Large: **Judy Wright**, *Councilmember*, Claremont & **Judy Nieburger**, *Councilmember*, Moreno Valley & **John Erskine**, *Councilmember*, Huntington Beach

congestion and clean up our atmosphere. We are employing all the other possible modal strategies as well, and it is only this combination of strategies which can allow us to meet the requirements of the Clean Air Act.

The cost of achieving these goals is $45 billion for capital projects and a similar amount for operations and maintenance. The State of California and the residents of the region have already indicated a willingness to assume a major share of the burden. Recent initiatives at the state and county levels have funded a substantial portion of this shortfall since the adoption of the plan, but there still remains a gap of about $12 billion.

Recommendation:

We believe that it is the responsibility of the Federal Government increase the total level of transportation funding (including transit) to match these local efforts with federal dollars.

2. LEVEL PLAYING FIELD.

We need to create a level playing field between modal options so that transit gets a fair chance of being chose by the user. Currently a transit pass worth more than $15/month given by an employer is treated as taxable income, whereas a free parking space is non-taxable. This needs to change if metropolitan areas like Los Angeles are going to increase transit ridership.

Recommendation:

Legislation should be supported to change tax codes to allow a greater transit pass dollar amount without incurring a tax liability for the individual.

In addition, federal law should promote an equitable opportunity for transit options throughout the planning, programming, and funding process. The Administration's current proposal associated with a National Highway System appears to continue the customary reliance on highway construction as the solution. This does not support greater flexibility in planning and funding options and puts transit in a secondary role from the start.

Recommendation:

Add transit as an allowable, fundable option to meet National Highway System deficiencies.

3. OPERATING ASSISTANCE FOR TRANSIT.

The proposed Reauthorization would eliminate operating assistance from all Urbanized Areas (UZAs) with populations exceeding one million. One

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of the region's urbanized areas (Los Angeles/Long Beach) currently receives in excess of $60 million per year from UMTA for operating assistance. To meet the goals of the plan, we must expand our transit ridership by more than 300 percent. While we have made every effort at the local level to come up with additional transit operating funds, a reduction in operating assistance would force us to cut back both service and plans for expansion at the very time we must expand them under federal mandate.

Recommendation:

Federal Transit Operating Assistance should be an eligible expense in all urbanized areas. The level of funding should be expanded.

4. CATEGORICAL GRANTS.

SCAG has consistently advocated the need to separate planning for and development of transportation projects from the arbitrary limitations of funding categories. Our position is that there is only one transportation system, and this system must be optimized within available resources.

Recommendation:

We urge that all funding be treated as flexible, and would go so far as to urge that federal policy should aim toward creating a unified transportation fund which would allocate funding based on the most effective solutions to problems as determined by local authorities working with state and federal agencies.

5. CAPITAL MATCH REQUIREMENTS.

While we would prefer to see a Transportation Fund rather than separate highway and transit funds, as an interim step, we support an equalization of the match requirements between highway and transit programs. However, we are opposed to increasing the local match required as proposed by the administration. We fully expect to pay our share, and Los Angeles has far exceeded its share for several years. But any change to increase the local share would again merely delay meeting our obligations which have been set under fixed deadlines by the Congress.

Recommendation:

We urge that matching requirements be equalized between FHWA and UMTA programs. The local matching requirements should not be increased in the reauthorization bill.

6. FUNDING FOR REGIONAL PLANNING.

The Administration's proposed Surface Transportation Act (STA) places increased responsibility on MPOs such as SCAG to develop long range programs for all modes. Additionally, the recently passed Amendments to

the Clean Air Act require a significant and new level of detail in our planning to adequately address air quality impacts. Yet, MPO budgets have been slashed over the past year, even as the Administration has recognized their importance in the Secretary of Transportation's National Transportation Policy Proposal. For us to do our work in planning and developing the region's transportation system, we must see our funding not only restored but augmented substantially.

Recommendation:

As our responsibilities are created by federal law, our funding should come from federal sources, and we would recommend that (1), it be, at a minimum doubled from its present level, (2) be indexed to both population and CPI, and (3) funding be guaranteed for MPO's so that these agencies are not required to continually struggle to even meet minimum legal requirements.

Recent polls have shown that Californians, both north and south, give transportation the highest priority with the exception of crime or drugs. Your support and leadership in this area has been critical to our past successes, and we will provide you any further assistance in these matters to bring the upcoming reauthorization to a successful resolution of the issues we believe to be of major importance to our region and state.

If you should desire any further clarification on any of these matters, please contact me or Jim Gosnell, SCAG Director of Transportation Planning at (213) 236-1800.

Sincerely,

Mark Pisano

MARK PISANO
Executive Director

MP:DS/SZ

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